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THE UNIVERSITY OF ALBERTA

IMPACT OF HOME-BASED BUSINESS PROGRAMS ON AGRICULTURAL DIVERSIFICATION AND INCOME GENERATION

BY
M. LINDA CAPJACK

A THESIS
SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF SCIENCE

DEPARTMENT OF CLOTHING AND TEXTILES

EDMONTON, ALBERTA

SPRING 1990

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The undersigned certify they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis entitled IMPACT OF HOME-BASED BUSINESS PROGRAMS ON AGRICULTURAL DIVERSIFICATION AND INCOME GENERATION submitted by M. LINDA CAPJACK in partial fulfillment of the requirements for the degree of MASTER OF SCIENCE in CLOTHING AND TEXTILES.

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ABSTRACT

Impact of Home-Based Business Programs on
Agricultural Diversification and Income Generation

by

M. Linda Capjack
University of Alberta, 1990

Professor: Dr. Nelma I. Fetterman
Department: Clothing and Textiles
Faculty: Home Economics

The purpose of this study was to assess the impact of home-based business programs provided by the home economists of Alberta Agriculture between January, 1988 and April 1989, on income generation and agricultural diversification. In addition, it was hoped to provide some insights into the characteristics of individuals who were operating home-based businesses in Alberta and to develop a profile of these entrepreneurs. Information on needs for future programming in the area of home-based business was also collected.

The data collection was done through the use of a mail-out questionnaire to 262 participants of the home-based business workshops. A return rate of 62% was obtained for the questionnaire. Descriptive analyses were performed, using the Statistical Package for the Social Sciences (SPSS^x), to assess the contribution of home-based businesses to the net family income and to develop a profile of respondents and home-based business owners. Financial and managerial aspects of the workshop were analyzed for perceived

knowledge change and practice change of home-based business owners surveyed. Variables were compared using percentages, cross tabulations, discriminant analysis and correlations.

Findings indicate that 38% of the respondents had a home-based business. Of those in business, approximately half lived on a farm. The typical home-based business owner surveyed was a well-educated married female over the age of 40 with 60% having children living at home. She typically ran the business as a sole proprietorship, enlisting family members to help at busy times. Over half of the businesses were supplementing the family and/or farm income by doing sewing or crafts.

A majority of the respondents perceived improved ability to handle financial and managerial aspects of their home-based business as a result of the program. Of the respondents not in business, 42% said they were not going to start a business. The program helped them realize what was involved in running a business and to analyze profit potential.

Future programming needs are identified as well as success characteristics for home-based business owners. Recommendations for future programming are discussed as well as directions for future research.

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I would also like to thank my husband Clarence for sharing the highs and lows of graduate studies and for his constant encouragement. The many hours spent in providing his computer expertise is appreciated. To my oldest daughter Lisa, thank you for all the help around the house and it was fun going to University together. To my youngest daughter Gina, thank you for making me feel that what I was doing was worthwhile and for reminding my that I should be studying when I was watching television.

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Chapter I. INTRODUCTION

Home-based entrepreneurship is becoming increasingly popular as people turn their talents, hobbies and ideas into profitable ventures. In some cases, these businesses may be the primary source of income, in other cases they are a supplement to the family or farm income (Redeker, 1989). Entrepreneurs are at work in their home-based businesses in rural Alberta operating greenhouses, market gardening, woodworking, custom sewing, making Christmas crafts, opening country vacation homes, baking for the farmer's market, designing ads and creating children's, custom or specialized clothing.

Home-based businesses are not a new phenomenon. Historically, there have been many examples to indicate that people had home-based sources of income. Rapid growth has focused increased attention on home-based business as more and more people start "cottage industries" (Berger, 1984).

Home-based businesses not only represent the American dream of "making it on your own" but they also respond to at least three major concerns of recent years: economic change, energy conservation and self sufficiency. Recessionary pressures on families, the decline of industrialization and continuing high levels of unemployment have made it necessary for displaced workers and family members who choose or need to remain at home to find avenues to produce income (White, 1984).

The words "working at home" generate a variety of images depending on the viewer's perspective. An historian might focus on the exploited immigrant home worker of the early twentieth century, laboring in sweatshop conditions. Family economists might dwell upon

the cash-producing, but often unacknowledged, labor of the farm wife or the array of income-generating sidelines attached to farm life. Entrepreneurs might point out the phenomenal growth in self-employed women over the past decade, many of whom base their business in their homes. Futurists might point out the growth in telecommuting, computer-based work which allows people to work in the home setting. Observers of rural life would certainly highlight the small cottage industries present in kitchens, living rooms, shops and barns. A variety of terms identify these situations: industrial home work and outwork, which usually convey a negative flavor, to home-based employment, cottage industry, at-home income generation and telecommuting (Beach, 1988).

The evolution of home work and the growth of home-working families carry important consequences for both work and family life. Much research has been surfacing recently on how to achieve a balance between home and family and work. Problems are encountered when trying to balance traditional work environments and family life responsibilities. This becomes particularly acute when the responsibilities of running a farm are included. Until such things as flextime, parental leave, child care and a multitude of other benefits aimed at making the workplace more responsive to family needs are commonplace, they are reasons for working at home. People in rural areas often do not have a choice due to limited job opportunities available to them and a lack of child care facilities (Beach, 1988).

Rural families throughout Canada and the United States are experiencing profound changes to their lifestyles. The financial problems faced by many farm families can be traced back to the mid seventies when farmers invested heavily in land, machinery and equipment. Decisions were made based on rapid inflation and the premise that it would continue. Government measures to curb inflation proved to be detrimental to many new and expanding farm operations. Declining product prices and farm income put pressure on farmers to meet their debt payment schedules.

Canadian farmers are declining in number and have suffered a drop in income (Agriculture, 1986). The number of people living on farms in Canada has declined by 13% between 1981 and 1986. This is due to fewer farms and smaller farm families. The farm families which remain are earning less money and becoming increasingly dependent on off-farm income. According to Statistics Canada's 1986 Agricultural census, the average farm family income (before taxes) has dropped by almost $2,000 a year since 1981, falling to $35,382 in 1985. By comparison, the average family income fell by about $500 per year to $38,652 for the general population. Alberta had a 32% increase in farms reporting losses between 1980 and 1986. Almost two-thirds of the spouses of farmers had off-farm jobs and they contributed 25% or more of the net family income.

As a result of declining income, many farm families have to rely on off-farm salaries or supplementary income to cope with the decrease in farm revenue. Wilson (1989) reports that of 157 farm families studied in Alberta in 1987, 43.8% of the females and 39.9% of the males reported off-farm income. The average off-farm income of females is $3,368 for the year while for males the average is $5,764.

In a study of home-based businesses in Alberta municipalities, Kwan (1985) noted that there is an increasing trend to people conducting businesses from their residences. It is not clear according to Kwan if this tendency is due to recessionary trends making supplementary family incomes necessary or the changing technological base of the broader society.

In either case, in order to meet the needs of rural clients, the home economics of Alberta Agriculture has been offering home-based business workshops to increasing numbers of clients eager for more information on starting and operating a home-based business. The goal of the program is not to encourage the establishment of home-based businesses, but to provide a realistic look at the feasibility and skills required to go into business. It is hoped that those who decide to open a business will be better prepared for the challenge. Likewise,

those people who could not make the commitment will realize that fact before investing their time and money. As attractive as entrepreneurship is, it is not realistic to paint an entirely optimistic picture of the situation.

At first, demand from clients was for information on sewing for profit and pricing for profit when doing home sewing. Publications and seminars were developed to meet these needs. Presently the popularity of home-based business programs has extended to more generic business information to provide broader appeal. Day-long workshops are offered by district home economists, home economics specialists and often a representative from Alberta Economic Development and Trade - Small Business and Industry Division.

Typically, the workshop consists of an overview for the first hour, which covers considerations when starting a home-based business. Self evaluation, pricing strategies, advantages and disadvantages, family considerations as well as legal structure are discussed. Tax implications, bookkeeping hints and the importance of working through a business plan are also emphasized. Resource people with home-based businesses speak to the group next to talk about how they got started and what pit-falls could be encountered giving a first-hand version of problems and success stories. The home economist conducting the workshop then examines the bookkeeping and financial aspects of a home-based business. One or two resource people from Alberta Economic Development and Trade - Small Business and Industry Division elaborate on the importance of a business plan, describe the resources available, business counselling services they provide, and what preparation is required beforehand. The program is moving beyond the "awareness stage" and is beginning to stress marketing strategies for those already involved in a business. Those involved in planning and conducting the workshops always strive to meet the individual needs of their particular clients, so some variation occurred in the format.

One of the primary goals of extension workers is to help farm families adapt to change. Extension workers assist rural clients in developing skills and help in the development of personal strengths. If extension workers can help families focus their home-based business and help them to hone their business skills as well as their technical skills, then they will aid rural families in adapting to the changing economic conditions.

To aid in making program decisions, the extension worker needs more information on the needs of their clients. Farm families likewise need to be well informed in order to make intelligent and wise decisions. Analyzing the situation is a logical step toward problem solving. Looking at "Where have we been?", "Where are we now?" and "Where are we going?" are strategic questions to be answered in order to give rural families the tools necessary to make wise home-based business decisions.

A. STATEMENT OF THE PROBLEM

According to Boone (1985), programming is a proactive process in that it is always futuristic in its thrust. It is a system that links the adult education organization with learner groups and systems in a collaborative effort to identify group members' educational needs, to assess and analyze those needs, to design and implement programs to meet those needs, and to gather and report evidence of the extent to which the program met those needs. To plan effective programs to meet the needs of rural clients it is necessary to study the contribution of present programs in home-based business and to base future directions on the needs of those clients. The problem to be addressed in this study is the assessment of the contribution of home-based business programs, offered by home economists of Alberta Agriculture, to income generation and agricultural diversification of rural Alberta participants.

B. JUSTIFICATION

The ultimate goal of research in home economics is to maximize the satisfaction and well-being of individuals and families through increasing knowledge and understanding of people and their immediate environment (Schlater, 1970). Two guidelines established for research in home economics by the American Home Economics Association as reported by Keiser (1984) are relevant to this study. They are:

i) to improve the quality and availability of community services which enrich family life.

ii) to improve consumer competency and family resource use.

In order to improve the competency and family resources of those venturing into or wanting to improve their home-based business, it is imperative to have feed-back on strengths and weaknesses of the home-based business program offered by Alberta Agriculture. It is also necessary to have a clear picture of the clients' needs and characteristics. District home economists and specialists in their role as extension workers are providing education and information relevant to the decisions of whether or not a home-based business is an alternative to generate income, create satisfaction and/or enhance use of underutilized resources (Makela, 1984).

Successful implementation of the home-based business programs will provide valuable assistance to the participants who wish to maximize potential income. Agricultural diversification or vertical integration of agricultural products provides another source of income and spreads the financial risk to other enterprises. Income from a home-based business, invested in the farm enterprise or used to support the farm family, directly assists agricultural viability. Further development of home-based business programs will provide educational information to aid rural clients in making decisions about diversification to meet changing market demands and to develop their entrepreneurial skills.

C. OBJECTIVES

The objectives of this study are to:

1. Assess the contribution of home-based businesses to the net family income of program participants who operated or established a home business.

2. Estimate the proportion of businesses that are related to home economics as well as to agriculture.

3. Assess the impact of home-based business programs provided by home economists between January, 1988 and April, 1989 by determining:

   a. Elements associated with a change in business practices employed and a perceived knowledge change of those already in business at the time of the program.

   b. Characteristics of individuals who started a home-based business versus those of individuals who chose not to start a business.

4. Develop a profile of home-based business owners and characteristics that lead to running a successful business.

5. Assess needs for further assistance in home-based business information and make recommendations for future programming.

D. DEFINITIONS

1. **Home-based income generation** includes work or production that results in income and is performed in or from the home instead of at an employment or business location.

2. **Home-based business** is a business usually run by one or two persons who do all the work and make all the decisions affecting the operation and management from their rural Alberta place of residence.

3. **Off-farm income** sources include wages and salaries earned in off-farm employment, nonfarm business income, interest and dividends, rent from nonfarm real estate holdings, and social security and pension payments (Findeis, 1985).

4. **Entrepreneur** is a person who makes a living by creating new businesses, new jobs and new ideas, seeking through their ventures the kind and quality of life they envision (Huntley, 1985).

5. **Knowledge change** is the perceived ability to apply learned business procedures in a more efficient manner due to acquired new information (Morrison, 1986).

6. **Rural,** according to Webster's New World Dictionary, means living in the country and having to do with farming or agriculture. For this study, rural will refer to areas outside the two major cities of Calgary and Edmonton in the province of Alberta.

Chapter II. REVIEW OF LITERATURE

In focusing on the development of home-based business in rural Alberta, the review of relevant literature explores three main areas. The first section pursues the increasing importance of off-farm income. The second section looks at the development of entrepreneurship and a profile of the entrepreneur. Home-based business is the focal point of the third section with emphasis on the role of home economics as well as extension.

A. OFF-FARM INCOME

The most critical problem facing farmers today is maintaining a sufficient level of income. The economies of many rural communities are suffering from decline in agricultural income (Pigg, 1986). The economic problems of farm families are leading with increasing frequency to off-farm employment as a survival mechanism for the family farm (Rosenfeld, 1985; Wozniak, Draughn, & Perch, 1988; Shaw, 1979). In Alberta, it is estimated that almost 50% of its farmers need to supplement income levels from off-farm sources (Options and Opportunities: Agricultural Finance in Alberta, 1987). Bradley (1986) states that the survival of rural areas, both farm and smaller communities, is dependent upon the expansion of income and employment opportunities in rural areas.

1. The Growing Importance of Off-Farm Income

The United States Department of Agriculture in 1984, identified that 67% of the farm family income was attributable to off-farm income. The shift toward more off-farm work by farm families is one of the most dramatic changes taking place in production

agriculture. In many cases two or more members of the households are required to work off the farm to escape poverty income levels and achieve a satisfactory standard of living (Ghebremedhin, 1985).

Farming is an occupation where earnings are sensitive to market forces and hence are volatile from year to year. Chase and Lerohl (1981), in looking at the economic well being of Canadian farmers, noted that the increasing dependence of operator households on off-farm income sources has been documented for some time (Ahearn, Johnson, & Strickland, 1985; Sander, 1986). Ahearn et al. (1985) found that 61% of income for farms, in a national farm operator study done in the United States, was from mostly off-farm wage and salary jobs. Findeis (1985) noted that in 1960 approximately 40% of family income was derived from off-farm sources while in the 1980s it has risen to over 60%.

Shaw (1979) found that there are relatively few studies done in Canada on the importance of off-farm work. Between 1940 and 1970 in Canada, the contribution of off-farm income to total farm income increased from approximately 12% to 59%. Without off-farm income the proportion of "self employed farm operators" in the "poverty" category would be about 1.5 times its present size (Shaw, 1979).

Walker and Walker (1987) in their Manitoba study of farm stress note that having extra off-farm work creates more stress. They found that the necessity of holding an off-farm job seems to be an increasingly frequent occurrence among Canadian farm families. Thirty-three percent of the farm men reported holding an off-farm job while 41% of the women held an off-farm job. These are close to the national statistics for off-farm employment. A 1986 study done in Alberta (Famex, 1986) of expenditures of farm families indicated that 44.5% of the women and 39.9% of the men reported off-farm employment income. Keating, Doherty and Munro (1986/87) give higher estimates for Alberta with 80% for men and 30 - 50% for women. The Famex study indicated that

farm families now require relatively more cash for living expenditures than in the past. So, while specialization has led to more efficient farm production, one offsetting disadvantage has been the increased cash requirements for living. This makes today's farmer more vulnerable to fluctuating farm incomes. The need for a steady flow of income is approaching that of their modern urban counterparts.

The contribution of off-farm income to the total income earned by farm families reflects the changing structure of agriculture. Thus many owners rely heavily on off-farm income to continue operating profitably. Although off-farm income has been identified as a major source of income, some farm operators may work only part of the year in off-farm jobs because of the temporary nature of some off-farm work and the demands of the farm (Findeis, 1985). Findeis suggests that 67% of the off-farm income received was from off-farm work or employment; 47% by the farm operator, 18% by the spouse and 2% by other family members.

In Canada, Smith (1986) found that of the total non-agricultural hours worked, 47% were worked by operators, and almost equal proportions were contributed by spouses (26%) and children (27%). This does not give the proportion of income contributed but does indicate that the operator of the farm generally contributed more of the hours worked at off-farm sources.

2. Effects of Off-Farm Income

Wozniak and Scholl (1988) report that off-farm work by operators affects the day-to-day operation of the farm. Farmers who have inflexible off-farm work hours must adjust farm work to meet the requirements of off-farm work, or they may have to choose a type of farm work that can be handled by the remaining spouse. Their study found that

the employment of men part-time off the farm did not necessarily disrupt the farm labor process. The wife's absence, however, may be more disruptive for the farm business, as husbands generally do not substitute in the home for their employed wives.

Sander (1986) looked at the contribution of farm women to off-farm work. He found that the labor force participation by women has not increased as dramatically as for men. Often off-farm work is more attractive for the male as female labor can be a substitute for male labor on the farm (Sander, 1986; Tevis, 1986). Wozniak and Scholl (1988), however, in a multi-state study of off-farm employment, found that wives were significantly more likely than husbands to work off the farm. Furthermore, when one spouse worked off the farm, the other was more likely to work off the farm as well.

Tevis (1986) adds that male workers usually tend to earn a higher wage and perhaps there are inadequate day care facilities in rural areas to assist women entering the work force. Another question raised by Tevis was whether farm men were willing or had the ability to take on household tasks if women work off the farm. Child care is a vital ingredient to job success and access to rural day care is not common. Farm families often have to depend on family and friends for child care Tevis found.

Tevis (1986) suggests that although off-farm income bolsters a sluggish cash flow, it can extract a cost in terms of the quality of family life. Keating et al. (1986/87) indicate the growing interest in off-farm employment of men and women, with farmers finding it difficult to support themselves on the farm. Farming is a demanding occupation and often requires more than a full-time commitment from both spouses. What commitment to farming is best for the viability of the farm? Doherty and Keating (1986) show that the most economically profitable farms are the ones in which neither husband nor wife works off the farm. Least profitable are those in which both the husband and wife have off-farm employment.

Shaw (1979) suggests that those farmers in the "part-time" farm subgroup are considerably better off financially than their "full-time" counterparts. Hence the presence of off-farm income-earning opportunities tends to cushion inadequate farm incomes during difficult times. He suggests that policies designed to increase access to off-farm employment are clearly relevant.

The availability of job opportunities within a reasonable commuting distance from farms is crucial. Since it is doubtful that greater reliance on off-farm income is a temporary phenomenon, maintaining existing jobs and creating new ones should be a primary goal of rural development (Findeis, 1985). Sumner (1982), in his study of participation in the labor force, found that if farmers lived a long distance from the nearest town there is a reduced probability of working off the farm, although proximity to a city, even though the distance might be greater, increases the probability of off-farm work. He also suggests that there is a high degree of flexibility in the hours worked on the farm. Human capital can move between farming and other activities with much lower adjustment costs than complete entry and exit of farms. This also suggests that there might be more farm entrepreneurs and a larger farm labor force than in only "full-time" farms. This has important implications for resource allocation and retraining programs.

While rural development policy in Canada has sought to encourage alternative employment opportunities in rural areas, it is true that off-farm work and multiple job holding per se have gone largely neglected by Canadian policy makers (Shaw, 1979). Shaw notes that constructive rural economic development policy should include a dual effort. One effort should focus on farm income, prices and production and the other on the vitality of the nonfarm rural economy. The survival of rural Canadian farms and rural communities depends equally on the expansion of nonfarm income and employment

opportunities in rural areas. Farming should not be examined in isolation when developing policy. Rather it should be viewed in conjunction with the importance of nonfarm employment and income in rural communities (Pulver & Rogers, 1986).

B. ENTREPRENEURSHIP DEVELOPMENT

Entrepreneurship as the driving force to economic development is attracting renewed public interest. Etzioni (1987) in looking at the behavior of entrepreneurs notes their function is to test new ways of handling the changing environment. Winslow and Solomon (1987) concur and they note that the entrepreneur's challenge is to find and use new ideas to jostle the economy out of otherwise repetitive cycles of activities.

Vesper (1982) points out that there have been three broad waves sweeping the subject of entrepreneurship recently. First there is an explosion of literature on the subject, from biographies to how-to books. Secondly is the spread of course offerings in entrepreneurship at the college and graduate level. Entrepreneurship research is a spin-off of a thirst for more information in this area. Finally, there is increased federal interest in the area of small business and how to foster entrepreneurship - mainly how to keep small businesses from failing.

Vesper (1982) says that the search for innovation leads inevitably to the question of how entrepreneurship operates and can be enhanced. As research on the people and the process of entrepreneurship proceeds, Vesper hopes that the teaching of entrepreneurship will improve as well.

1. Characteristics of the Entrepreneur

The 1980s have been labelled the decade of the entrepreneur. Webster's dictionary defines an entrepreneur as one who organizes, manages and assumes the risks of a business or enterprise. In a recent article in the Financial Post, Harrison (1989) states that Canadians are working at home in record numbers. It is estimated that between 1 and 2 million Canadians have a home office. The majority tend to be small business people in their 30s and 40s. Most are highly motivated family people. They are also well educated and upwardly mobile.

Leibenstein (1987) takes the view that we need to have individuals with the requisite personal characteristics and capacities for economic opportunities to be fulfilled. We need to be concerned about the supply of entrepreneurs. He suggests that there is the possibility of training individuals to improve skills necessary for being entrepreneurs. In Leibenstein's study of entrepreneurs, he found that they show a willingness to seek out detailed procedures necessary to reach a goal. Therefore selection and training might be used to increase the supply of entrepreneurs in society. Implications from this work indicate that a better understanding of the characteristics of the entrepreneur are relevant to igniting the entrepreneurial spark.

Hornaday (1982) in his research about living entrepreneurs points out that we also need research into personality traits of entrepreneurs. Childhood experiences, early business experience, conducive environmental factors, relationships with spouse and children are all factors affecting the successful entrepreneur. Another point raised by Hornaday is whether entrepreneurial characteristics once identified can be taught. Timmons (1978) as well as Leibenstein (1987) suggest that many of these characteristics are teachable.

Lists seem to abound of characteristics that distinguish the successful entrepreneur from other persons. McClelland (1987) identified five competencies which were scored higher by successful entrepreneurs as: initiative; assertiveness; efficiency orientation; systematic planning and commitment to work. McClelland points out that this is the first step toward developing a method of identifying in advance people who have the needed competencies to be entrepreneurs. McClelland further suggests that to improve economic development we should immediately use improved methods for training and selecting entrepreneurs.

Fernald and Solomon (1987), in a study of value profiles of male and female entrepreneurs, identify the inconsistency in research in trying to attribute specific characteristics to entrepreneurs. There is also a predominance of information about male entrepreneurs. Fernald and Solomon (1987) contend that values provide standards to guide behavior, thus their research on values tries to explain the behavior of entrepreneurs. They identified important values for males as being ambitious, broadminded and honest; while females were responsible, honest, independent, ambitious and capable. Honesty was the most important value to both males and females.

Timmons (1978) agrees that areas of agreement and debate still abound in the area of personality and make-up of the entrepreneur. He identified 14 characteristics as well as eight role demands and requirements the entrepreneur faces. Timmons says there are no entrepreneurs that possess all the characteristics. It is important for the entrepreneur to evaluate his strengths and weaknesses so that complementary team members can be employed. This is an important area for helping would-be entrepreneurs to make a candid assessment of their capabilities and their fit with an entrepreneurial career. More information is needed in this area to refine this knowledge base.

Bruck (1988), in her study of home sewing businesses, identified personal assessment as an important step when planning to establish a home-based business. In a personal assessment, the entrepreneur is encouraged to consider self esteem, sewing skill level, business skills, family considerations, and physical energy before taking any further steps in planning.

Although there is no typical entrepreneur, they do seem to have some common characteristics. According to the Fortenberry (1988), entrepreneurs in the United States tend to be older than wage and salary workers, nearly half are 45 or older and in 1973, 7 out of 10 were men. Since 1973, however, the number of self employed women has increased at a rate five times faster than for men.

A profile of home-based business owners in rural North Dakota gives rather different characteristics. The typical entrepreneur, according to Bastow-Shoop , Leistritz and Ekstrom (1988), was female and between the ages of 30 and 39 years with children at home. This is perhaps due to the fact that these entrepreneurs are working at home. Bastow-Shoop et al. note that information seems sketchy on the characteristics of home-based entrepreneurs and even less is known of the rural home-based entrepreneur.

Huntley (1985) also studied entrepreneurs for characteristics. She found that entrepreneurship is gender-free. They are approximately 42 years of age, come from a family of entrepreneurs, have completed at least some college work; if they are parents, the children are over the age of 12. If they are married, they have a close relationship with their spouse. They use personal finances to start up their business and work upwards of 50 hours per week. They are determined, hard working and motivated.

In Canada a study undertaken of women entrepreneurs by Lavoie (1988) found that there were very few under the age of 25 and most were between 25 and 44. Sixty percent were married and generally had a higher education level than other women. Their business

career did not present an obstacle to family life. Women entrepreneurs face the same family problems as other professional women in Canada. They seem to suffer more in rural areas, however, as it is difficult to find child-care services or domestic help.

2. Rural Entrepreneurship

Entrepreneurship has surfaced as a leading force to overcome the economic crisis in rural America (Maricle & Birkenholz, 1988). Entrepreneurship is critical to the maintenance of a healthy rural economy. Maricle and Birkenholz contend that entrepreneurs are not born but are created as a result of their education and environment.

Foster (1988) claims that rapidly changing conditions in agriculture mean tremendous opportunities for those with the knowledge and foresight to recognize these opportunities. Entrepreneurship in agriculture, according to Foster, is not different from entrepreneurship in other business areas. It may require looking at alternative methods of marketing, financing or producing. Entrepreneurs need to look at how to capitalize on consumer trends in their community or area. Another factor to stress is vertical integration of agricultural products (Walla & Burger, 1988). The rural economic crisis has created an awareness of the importance of broadening the focus on production in agriculture.

The development of entrepreneurial skills in agriculture can promote the development of an agriculture-related business, improve business skills and ensure an appropriate commitment to agricultural business (Frick & Rollins, 1988). Rural families experience a limited range of work opportunities at the unskilled or semi-skilled level. They lack the range and choices in job opportunities available to urban families. Rather than automatically entering the work force, rural families often patch together an array of diverse work options (Beach, 1987).

According to Beach (1987), the economies of many rural areas are made up of thousands of micro-businesses: cottage industries; one- or two-person service firms; labor intensive manufacturing operations out of kitchens, barns and sheds; small specialized mail-order outfits; artisans and crafters. Information on these small-scale enterprises is relatively unavailable.

Beach (1987) alludes to the fact that choices for jobs are often limited and unglamorous in rural areas, so women have opted for alternatives such as a home-based business. Home-based business combines family life responsibilities with income enhancement (Fetterman, Lenburg, & Mielicki, 1986; Lofflin, 1988). It allows people to earn some income without losing the flexibility and rewards of being at home and being available for help on the farm.

Lofflin (1988) suggests that farmers frustrated by years of sharply fluctuating income are turning to entrepreneurship, creating small businesses mostly built around traditional skills such as sewing and cooking. Sales revenues are generally modest. The people starting these businesses - mostly women - encounter the same problems as entrepreneurs anywhere and finding sound business advice is a continuing problem for these rural entrepreneurs.

3. Entrepreneurship Education

Never before has the time been more appropriate for promoting entrepreneurial education. Entrepreneurial education promotes the ability to think creatively and logically in recognizing the opportunities for founding, organizing, managing, analyzing and conducting a business (Foster, 1988; Entrepreneurship, 1987; McMullan & Long, 1987).

Entrepreneurship is absolutely critical in economic development in which goals go beyond jobs and income (Pulver, 1985). Entrepreneurship leads to the continuing formation of new opportunities as markets and technology change. It provides an ability to absorb abrupt change in the economic, social and political environment and bounce back. Pulver feels that entrepreneurship is critical to the maintenance of a healthy rural economy.

In the area of education research, Hornaday (1982) notes specific areas of research that would be beneficial to entrepreneurship development: assessing the effectiveness of specific parts of business courses, such as the business plan; assessing the effectiveness of the course itself; assessing true effects of courses on probability of success. Bringing entrepreneurship education into the community support infrastructure poses one of the most important economic development issues for the 1990s. It is a new strategy for job creation (McMullan & Long, 1987). No matter how entrepreneurship skills are utilized, they will serve to build and improve the overall economic climate (Maricle & Birkenholz, 1988).

C. HOME-BASED BUSINESS

One of the fastest growing sectors of the American economy consists of home-based businesses. "Working at home" as a form of income generation has risen in status. People want to work at what they like and have control over their time. Many people possess the necessary technical skill to produce a marketable product, but are lacking in business expertise and decision-making skills (Manilowski, Backman, Walter, & Boone, 1987; Terrel, 1985).

Hoover (1986) in her study of entrepreneurial farm women notes that running a business from the home is not new to farm women, but it is certainly becoming more popular. They are reaching out in greater numbers to top their own potential.

Priestnitz (1988) identified reasons for working at home as: to be with children, low overhead, flexible hours, balancing work with other priorities, to avoid office politics, lack of dress code, income tax deductions and fewer distractions. Along with advantages, there are disadvantages. They are: distractions by family and household tasks, lack of space, high degree of stress juggling work and family, isolation, lack of credibility from friends, family and business community, long hours and fragmented time.

The number of adults earning all or part of their income from working at home is mushrooming (Fetterman, Lenburg, & Mielicki, 1986). The Massachusetts Cooperative Extension Service identified home-based business development as a top priority for 1984 - 1987. Programs were developed in cooperation with the division of Home Economics. These programs looked at finances, marketing and feasibility. Consideration was also given to insurance, patents, liabilities and investment capital. As well, values, lifestyle and effects of a home-based business on family members were also explored (Fetterman et al., 1986).

Fortenberry (1988) and Owen and Passewitz (1986) in their study of entrepreneurs noted that 55% of small businesses do not survive their first five years in business. The major reason for this is incompetence. The entrepreneur simply does not know how to run the enterprise. Fortenberry says we need more studies on the personality traits that mark successful entrepreneurs. Success or failure depends somewhat on personality traits, but the most important characteristic is technical competence. They must know what they are doing and this is only acquired through training and experience. The entrepreneur must also have the mental capacity to develop competitive strategies and understand how all the jobs of the business interrelate.

Dorsey (1988) identified common problems for home-based business owners as: lack of sufficient management skills, lack of marketing skills and difficulty in obtaining operating funds. This too supports the findings of Fortenberry (1988) and Owen and Passewitz (1986) that entrepreneurs lack technical competence.

The key to making a business a success in a small town according to Jones and Kotite (1988) is to be creative and to look beyond the immediate community for a market. It is important to see the symbiotic relationships between businesses. Programming in home-based business might suggest the linking of complementary businesses for a broader promotional coverage.

Goetting and Muggli (1988) in their analysis of home economists who were entrepreneurs suggest that marketing is the secret to success. The success of a new venture is foremost a function of knowledge and know-how according to McMullan and Long (1987). Education in home-based business should not only include the business and marketing information but also special consideration of the problems encountered with work and family interaction in the home setting (Beach, 1987).

1. The Role of Home Economics

What is the role of home economics in home-based business? Holyoak (1988) identified two major roles for home economics in home-based business. The content of home economics courses provides the opportunity to learn skills useful in the production of many goods and services ideal for marketing from the home. Secondly, home economics provides knowledge and analytical abilities needed to mesh paid work or business with the family and home setting. With business and family functioning under the same roof, the situation is more complex. Home economics can emphasize advantages and

disadvantages of a home-based business, family characteristics, role orientation, nature of the work and the work environment. Family size, ages of children and the type of work are important variables that influence the success of a business.

Although Rosenblat, de Mik, Anderson and Johnson (1985) do not deal specifically with home-based businesses, they do talk about family-owned businesses and the complex interrelationships and stress associated with such an arrangement. These relationships could be intensified when a business is run from the home. Rosenblat et al. do point out that there are some clear advantages for family members if conflicts can be resolved. Nurturing kin and bringing them into the business provides learning opportunities useful in entering the work-force. Improved family relationships could result from additional sharing and contact. Home economists working with family-owned businesses need to understand the complex relationship difficulties and find ways of minimizing or avoiding them.

How can parent, farm worker and entrepreneur roles be juggled simultaneously and be juggled successfully? Holyoak (1988) professes that home economics can be on the leading edge in providing the knowledge needed to mesh paid work with the family at home. Fetterman et al.(1986) identified that the first step toward dealing with the home business phenomenon is research to determine who is involved, the kinds of businesses, the needs of these people and the potential for the businesses utilizing home economics skills.

2. The Role of Extension

Extension has traditionally been people-oriented, knowledge-based and problem focused (Patton, 1985). The business of extension leaders is getting people to apply knowledge and use information. The reputation of extension is built on getting people

to use research findings.

Extension in many areas of the United States has been focusing on home-based business courses. Adult education classes are ideal for disseminating entrepreneurship skills as adult clients have some work experience already and can apply their skills, knowledge and maturity ("Entrepreneurship: An invaluable", 1987).

In the United States a recent role identified for the Cooperative Extension system is to aid in the "Revitalization of Rural America" priority program. Extension has made the enrichment and development of people's lives through education its ultimate goal. Extension provides the perspective, knowledge, and skills and helps shape the decision. Many states and communities are establishing programs on stress management, financial management, home-based business development and non-farm job training to help ease farm family stress (Bradley, 1986).

Entrepreneurship is encouraged in many rural communities through the development of entrepreneurial support systems, incubator programs and other measures to spur entrepreneurial activity (Bradley, 1986). There is much how-to information flooding the market directed at the home-based entrepreneur and increased government interest in this area. Several studies have been undertaken to evaluate the economic contribution of family-owned and home-based businesses.

Home-based businesses make up an important and growing sector of the United States economy but little systematic research has been conducted either to measure their contribution to society or to understand their unique characteristics (Bastow-Shoop, Leistritz, & Ekstrom, 1988). Effective programs utilize expertise in research, teaching and service to promote positive adjustment of rural families to change (Light, 1987). Light outlines four principles on which to base extension programs:

1. Identify the unique needs and characteristics of the people whom you serve.
2. Utilize the unique characteristics of the people to build programs that will meet their needs.
3. Build partnerships with the people served, other appropriate agencies and organizations, businesses, and other university components.
4. Continually monitor and evaluate programs for effectiveness and emerging needs.

The first and last principles are the research components that provide the underpinnings of successful programs; the second and third are the teaching and service components. Evaluation research will provide an empirical basis for programmatic decisions. We must redirect educational programs to meet the needs of rural families (Light, 1987).

3. Home-Based Business Studies

Morrison (1986) studied the impact of home-based business programs in four states. Effectiveness of the program as well as educational benefits and economic end results were explored. Some valuable contributions of the program indicated by the study include:

1. The program helped to make a realistic assessment of owning a business for those not in business at the time of the program.
2. There was a high degree of learning in the areas of setting prices and keeping financial and customer records.

3. Areas where more learning was indicated were in marketing, improving products and assessing potential for sales.

Hoover (1986) studied the entrepreneurial activities of farm women in Ohio and found that the main reason for being in business was that their hobby turned profitable, followed by a need to supplement the family income. One third of the women cited being at home with their children an advantage to working at home, along with flexible hours and a creative outlet. Many of the Ohio women studied were unaware of the time demands required by their business. Their business was considered third in line behind family and farming activities.

North Carolina Agricultural Extension Service in their impact study (Mustian, 1988) of clothing construction courses has identified the importance of research to give future programming direction. This study reinforces the importance of teaching clothing construction courses to acquire skills which in turn extend family income through home production as well as generate income through entrepreneurship and home-based business. Extension was identified as an important resource for information for those involved in sewing for profit as well as skill enhancement. Implications suggest that more emphasis should be placed on expanding business management and sew-for-profit skills due to increasing numbers of respondents involved in generating income at home. This study suggests that personnel and publications should be expanded to meet these programming needs.

The findings of Canada's Department of Regional and Industrial Expansion (DRIE) in their Study of Women Entrepreneurs in Canada (Reznik, 1987) indicates that women tend to be satisfied with lower wages than men and tend to keep overhead down. Reznik also notes that women entrepreneurs tend to ask for advice of experts more than men do.

In contrast, Hoover (1986), in a study of 15 farm women entrepreneurs, found that two thirds of those interviewed did not consider outside sources for help with their business. Most relied on personal savings for start-up costs which generally were minimal.

Most of the business involvement in Hoover's study (1986) was in the service sector which tends to require less start-up costs. Forty-five percent of the respondents made less than $5,000, while 40% made between $5,001 and $20,000 from their business. Most of the businesses were intended as an income supplement and with this in mind, Hoover stated that rural entrepreneurs were making a substantial contribution to the overall family income. Most had difficulty in estimating the net worth of the business and in projecting future income, which has implications for further education. Hoover also suggested entrepreneurship education at the high school level to prepare students for self employment as well as adult education courses on entrepreneurship.

In Canada, Priesnitz (1988) has reported results from an on-going study of women-owned, home-based businesses. Results show that approximately 10% of the businesses are professional, 25% are craft related, 25% offer business services, 10% offer child care, 10% offer personal services and the final 20% are involved in a variety of miscellaneous businesses. Preisnitz notes that 45% of the respondents indicated they make between $15,000 - $50,000 annually; 40% use their home business for sole support; 50% invested under $1,000 start-up capital with the major source of financing being personal savings. Priesnitz also noted that women generally have trouble raising capital for their enterprises.

Studies done on home businesses are sketchy. Very little data are available on studies, activities and initiatives devoted to entrepreneurship, especially in the western provinces of Canada. Joint studies and actions need to be encouraged to give direction for assistance (Lavoie, 1988). Even less is known about rural home-based businesses and

entrepreneurs. It is essential to evaluate the contribution of home-based businesses to the rural economy and to understand their unique characteristics in order to assist rural families to adapt to change. Research will provide an empirical basis on which to base future programming decisions to enhance entrepreneurship.

Chapter III. METHODS AND PROCEDURES

In this chapter the framework for assessment is discussed as well as the sample selection, description of the instrument and the method for analysis of data.

A. FRAMEWORK FOR ASSESSMENT

The problem statement addressed in this study lends itself to evaluation research. Touliatos and Compton (1988) suggest that in evaluation research, surveys are used to assess the impact of new programs, procedures, or policies. Evaluation research measures the extent to which programs have followed policy and how well existing programs have achieved goals. Evaluation overlaps with program planning and is embedded in the total process of developing, operating and analyzing programs. Touliatos and Compton (1988) note that an important first step in program development and an essential type of evaluation research is identification of social problems or unmet needs for which a new or additional program is required. A survey might be used to examine the extent to which professional groups and local agencies are already attempting to deal with the problem or related issues and the success of their efforts.

Outcome assessment (also called summative evaluation), which is part of evaluation research (Touliatos & Compton, 1988), is carried out at the conclusion of a program to obtain empirical evidence on the extent to which the program accomplished its objectives. This study is a non-comparative assessment as the program was not compared to another program. The evaluation can be termed both formative and summative: formative, as the evaluation occurs while the program is being developed and for the express purpose of improving the program for future dissemination; it is also summative as it focuses on the finished program as well.

The evaluation is more parochial than universal as it is directed towards improvement of a specific program and its contribution to the viability of farming. The information may be of value to a more general audience, however, interested in characteristics of entrepreneurs in Alberta. In addition to information on the benefits of the home-based business program, information such as demographics, reasons for being in business, type of business involvement, relation to vertical integration of agriculture and where further assistance would be valuable have been collected.

The evaluation paradigm that this study fits into is the Evaluation as Part of Systems Management paradigm (Smith & Glass, 1987). The evaluator's task in this system is to describe the inputs, operations and outputs - how they relate to one another and provide feedback to managers so they can improve the system. The products of the system are evaluated. That is, the improvement of the business practises are looked at as well as the impact on clients' decisions to actually go into business.

Survey research can be used to describe the characteristics or variables in populations by directly examining samples (Smith & Glass, 1987). Kish (1965) emphasized that the entire design of a survey should be oriented to the research objectives and fitted to the survey conditions. Fink and Kosecoff (1985) suggest that there are three good reasons for conducting surveys: to set policy or plan a program; to evaluate the effectiveness of programs to change people's knowledge, attitudes, health, or welfare; and to assist a researcher in obtaining data. All three reasons are relevant to this study.

Response rate is a major consideration when using mailed questionnaires in surveys. Dillman (1978) suggests that to maximize response rate of participants to the survey, all aspects of the study should be designed to create the most positive image. In referencing research on response rate to surveys, Dillman stated that past researchers found that there is no strong empirical evidence favoring any technique to improve response rate other than

follow-up and the use of monetary incentives. In contrast to past researchers, however, Dillman suggests that there is more that can be done to improve response rate. First, the costs for responding should be minimized; second, maximize the rewards for doing so; and third, establish trust that those rewards will be delivered.

Fink and Kosecoff (1985) also suggest that pilot testing helps to improve the response rate by eliminating problem areas. Personalizing techniques and being "consulted" offer rewards to respondents. In addition, the obvious monetary incentives can offer a reward to some, or perhaps the incentive of improved programming to suit their future needs can be enticing. In the area of reducing costs to the respondents, time is perhaps the major cost. Hence, Dillman suggests that questionnaires should be clear and concise. It is difficult to achieve the delicate balance between the researcher getting the needed information without the respondents finding the questionnaire too costly in terms of time and effort. Trust can be established in several ways. The incentive can be looked on as a symbol of trust, along with the stamped return envelope and a researcher who can be identified with a known establishment.

This study took the form of a survey to assess the impact of home-based business programs on program participants who attended workshops organized by the home economists of Alberta Agriculture. The survey was in the form of a mail-out questionnaire.

Extension home economics in meeting clients needs, is concerned about the problems facing families today and looks to research for direction in present and future programming. Educational programs designed to help people improve their business-related knowledge and skills as well as skills in producing the product or service they intend to market are relatively new to extension home economists.

The procedures for assessment in this study are based upon the research done by Morrison (1986) in the National Study of Cooperative Extension's Educational Efforts in

Financial Planning and Management - Home-Based Business Programs. The impact of these programs in four states was assessed by a mailed questionnaire. The questionnaire focused on general reactions of participants, perceived change in business practices employed, and economic end results.

Although the basis for this study is the research done by Morrison (1986), modifications to the test instrument reflect relevance to the home-based business programs that have been offered by the home economists of Alberta Agriculture. This study has been designed to gather information on the impact of home-based businesses on net family income and agricultural diversification, to assess elements of the program that were beneficial in increasing business knowledge and to develop a profile of participants as well as those who are entrepreneurs. In addition, information that would be helpful for designing future programs has been collected.

Results from this study are directed to the enhancement of the program on home-based business. The recommendations are based on evidence about the programs offered by Alberta Agriculture on home-based business. Desirable features, end results of instruction as well as analysis of participants are outcomes of the analysis.

B. SELECTION OF THE SAMPLE

The sample included participants of 14 home-based business programs which were offered by district home economists and the Provincial Clothing and Textiles Specialist between January 1988 and April 1989. Two hundred sixty-two names were collected from rural and farm residents who participated in the programs offered. All of the names collected were used in the study in order to ensure adequate numbers for research. The sample for the survey did not include the 30 people who participated in the pilot study..

The names of participants were collected at home-based business workshops offered throughout rural Alberta. Participants were asked to sign their names on a list distributed at the workshops if they wished to take part in a follow-up study of the program. If they did not want to take part in the study, they were told to refrain from adding their name to the list.

C. DESCRIPTION OF THE INSTRUMENT

One way to ensure the reliability and validity of a survey, according to Fink and Kosecoff (1985), is to base the survey on an instrument that has already been developed and tested. The instrument used in this survey (see Appendix B) is an adaptation of the questionnaire developed for Morrison's (1986) Study of Impacts of the National Cooperative Extension's Educational Efforts in Financial Planning and Management - Home-Based Business Programs. Modifications to the instrument reflect relevance to the Alberta program.

The seven-page instrument was designed to examine business practices in both management and financial areas of a home-based business to determine which aspects of the home-based business program were beneficial in changing practices or improving knowledge. The questionnaire focused on general reactions of participants' perceived change in business-related knowledge and skills and economic end results as well as the development of a profile of the entrepreneur. All respondents were asked to answer demographic questions as well as to give suggestions for future programming. Only those respondents in business were asked to answer the entire questionnaire, with specific questions pertaining to their business.

According to Fink and Kosecoff (1985), all types of questionnaires and interviews must be pilot tested. Pilot testing quickly reveals whether people understand the directions provided and if the questions can be answered. A pilot study of the questionnaire was

conducted in March, 1989. The Provincial Clothing and Textiles Specialist for Alberta Agriculture as well as the district home economist whose clients were involved in a pilot study reviewed the questionnaire before the pilot study for appropriateness. Before the pilot study could be done, an ethics review was held to ensure the protection of the welfare and dignity of the participants (see Appendix C). The instrument was mailed to 30 participants of a home-based business workshop held in May of 1988. Seventeen questionnaires were returned for a 57% return rate after a follow-up phone call. Changes were made to the instrument to make the information collected reflect the objectives of the study and to clarify ambiguous items.

D. DATA COLLECTION

The questionnaire, cover letter and postage-paid return envelope were mailed to the participants who offered their names at the home-based business workshops. Confidentiality was assured. The questionnaires were numbered to enable contacting non-respondents and to supply a summary of the results to interested participants. A follow-up postcard was mailed to non-respondents two weeks after the first mailing as a reminder to return the questionnaire. Three weeks later another reminder was forwarded to non-respondents. Numerous telephone calls were made as well in order to prompt as many respondents as possible to return their questionnaire. The cover letter also contained a number where the researcher could be reached for any clarification or questions. Several participants did call the researcher and several were subsequently prompted to respond.

E. DATA PROCESSING

The responses to the mailed questionnaire were coded to computer-readable form. Data were analyzed using the Statistical Package for the Social Sciences (SPSS^x). Descriptive statistics were used to summarize, organize and condense data. In addition, a profile of the program participants, qualities for success in business, components of the

program that were beneficial as well as areas that could be improved were identified using these statistics. The proportion of family income generated by the home-based business and the proportion of agriculture-related home-based businesses were estimated. Discriminant analysis was performed to determine if there were specific characteristics which distinguished successful home-based business operators from those who were unsuccessful or did not choose to establish a home-based business.

Chapter IV. FINDINGS AND DISCUSSION

A description of the sample and analysis of the variables are included in this chapter along with a discussion of the findings in relation to the objectives of the study and the literature reviewed. This study has been undertaken to assess the impact of home-based business workshops on income generation, to develop a profile of these entrepreneurs and to provide empirical evidence on which to base recommendations for future programming. It is essential to evaluate the contribution of home-based businesses to the rural economy and to understand their unique characteristics in order for home economists to assist rural families to adapt to change and mesh paid work with family and farm responsibilities.

A. DESCRIPTION OF THE SAMPLE

The survey questionnaire was mailed in July of 1989 to all 262 consenting participants of the home-based business programs which were offered by the home economists of Alberta Agriculture between January 1988 and April 1989. Five questionnaires were returned unopened as participants could not be located. After two follow-up reminders and numerous phone conversations to participants, a total of 162 questionnaires were returned, representing a 62% return rate, 156 of which were usable. Six questionnaires were not usable as some participants sent them back unanswered or did not answer in an appropriate manner. Of the 30 men who consented to participate in the survey, nine (30%) returned the instrument.

B. DESCRIPTIVE ANALYSIS OF THE VARIABLES

1. Location of Course

Alberta Agriculture courses analyzed on home-based business were offered in 14 different locations throughout Alberta over 17 months (Table 1), 132 respondents took

the course in 1988 while 23 were involved in 1989. One respondent did not identify where or when she took the course.

TABLE 1 HOME-BASED BUSINESS PROGRAMS SURVEYED - CONSENTING PARTICIPANTS AND RESPONSE TO QUESTIONNAIRE

LOCATION	PARTICI-PANTS	RETURNED UNOPENED	UNUSABLE RETURNS	USABLE RETURNS	% TOTAL RETURN
Lethbridge	24			13	54.2
Wetaskiwin	61		4	33	60.7
Rocky Mtn. House	14			10	71.4
Two Hills	17			11	64.7
Albright	13			9	69.2
Fairview	17			11	64.7
Brooks	20	1		11	55.0
Nanton	8			5	62.5
Cadogan	24			17	70.8
Peace River	11			7	63.6
Manning	11			5	45.5
High Prairie	10		1	3	40.0
Lac La Biche	15	4		7	46.7
Pincher Creek	17		1	13	82.4
Unidentified				1	
TOTAL	262	5	6	156	61.8

2. Demographic Profile of Respondents

Some variables included in the study provided demographic information about respondents. The majority of respondents attending the workshops were women (94%) with 55% being over the age of 40 and 27% over the age of 50. Ten percent were under the age of 30 (Table 2). Almost 88% of the respondents were married. Approximately two thirds (66%) of respondents had one to five children at home. Two was the modal number of children. Figure 1 shows a comparison of children at home for those in business versus those not in business. Almost 25% of participants had children under the age of six and nearly 60% had children under the age of 18 living at home.

TABLE 2 PROFILE OF RESPONDENTS (N=156)		
VARIABLE	**FREQUENCY**	**PERCENT**
PARTICIPANT'S AGE		
21-30	15	9.6
31-35	22	14.1
36-40	32	20.5
41-50	45	28.8
OVER 50	42	26.9
EDUCATION		
GRADE SCHOOL	4	2.6
SOME HIGH SCHOOL	29	18.6
HIGH SCHOOL GRAD	40	25.6
TECHNICAL SCHOOL	19	12.2
SOME COLLEGE/UNIVERSITY	4	2.6
COLLEGE/UNIVERSITY GRAD	27	17.3
SOME GRADUATE WORK	28	17.9
GRADUATE DEGREE	5	3.2
MARITAL STATUS		
SINGLE	6	3.8
MARRIED	137	87.8
SEPARATED/DIVORCED	6	3.6
WIDOWED	6	3.6
COMMON LAW	1	0.6
RESIDENCE		
FARM OR RANCH	74	47.4
ACREAGE	32	20.5
TOWN OR CITY	47	30.1
MISSING	3	1.9
SPOUSE WORKS OFF FARM (for those living on a farm n=74)		
FULL-TIME	18	26.1
PART-TIME	7	10.1
ODD JOBS	7	10.1
NO	37	53.6
NOT APPLICABLE	5	

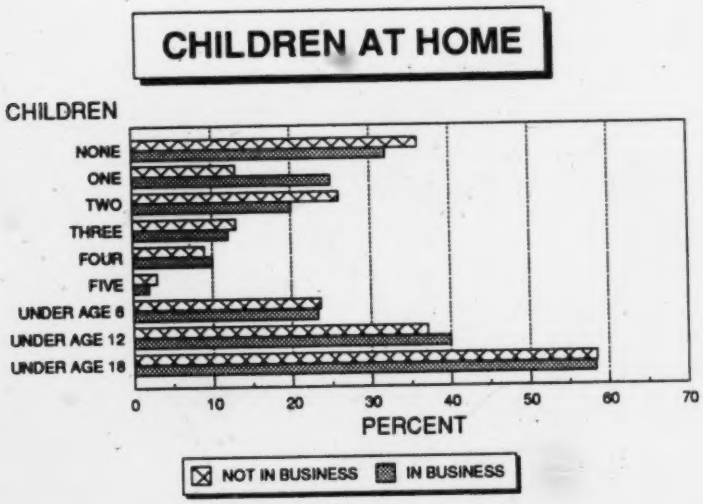

Figure 1

Responding to the highest level of education attained, 3% of the respondents had completed grade school, 44% had some or all high school, 12% had technical school training and 3% attended some college. Almost 18% were college graduates and an additional 18% had done some graduate work. Three percent possessed a graduate degree.

Approximately 38% of the respondents had a home-based business. Nearly half of all respondents to the survey lived on farms, while another 21% lived on acreages. The remaining 31% lived in a town or city. Forty-two percent of the respondents reported that they had either a full-time (14%) or part-time (28%) job. Almost all of the respondents said that they picked up odd jobs when they were available. Of those living on a farm, 46% reported that their spouse had off-farm income. Other researchers (Keating, Doherty and Munro, 1986/87; Famex, 1986; Findeis, 1985; Ghebremedhin, 1985; Smith, 1986) attest to similar percentages of off-farm work.

Respondents indicated that the nearest centre where they could find work was an average of 24.5 kilometers away with a range from 0 (for town or city residents) to 100

kilometers. Findeis (1985) stated that job opportunities within a reasonable commuting distance from farms are crucial. With a greater reliance on off-farm income, creating new ways of earning income is crucial to rural development and the viability of farming.

Those respondents living on a farm were asked what their farm-related duties entailed (Figure 2). This was an open-ended question and respondents could provide a maximum of four responses. The most common reply was that they took care of a garden (13.7%), followed by caring for animals (12.6%). Record keeping (12.1%) was also a frequent reply along with yardwork (11.5%). Many indicated that they did whatever needed to be done on the farm, while others noted that they were the partner, organizer and "gopher".

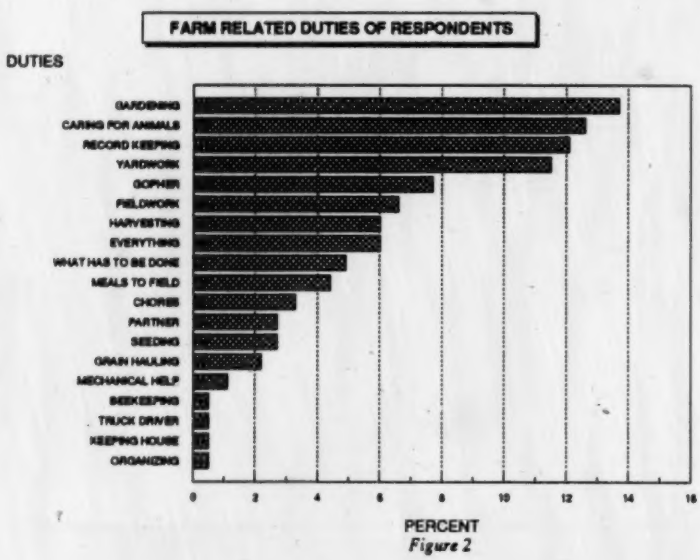

Figure 2

Although 20% of respondents did not indicate the amount of their total family income, the remainder indicated that family income fell into a wide range of values (Figure 3) from $2,500 - $4,999 (0.6%) to over $60,000 (11%). The modal income was $20,000

to $24,000 (13.5%). According to the Canada Year Book 1990 (1989) the average family income in Alberta in 1986 was $42,428, with a mode of $30,000 to $39,999, considerably higher than the modal income of $20,000 to $29,999 for respondents.

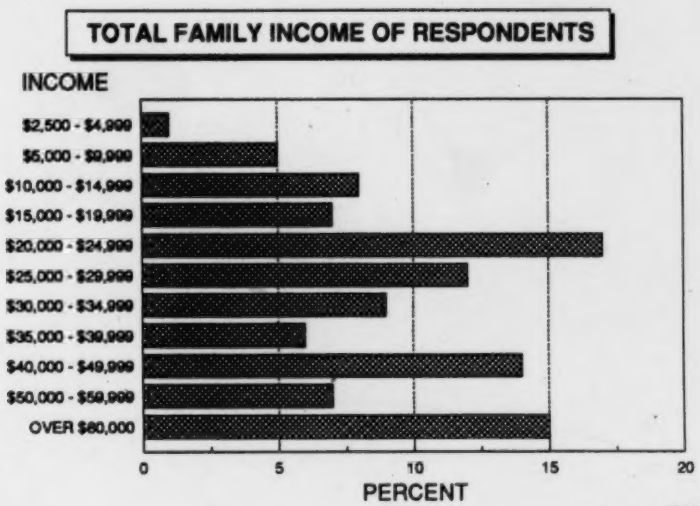

Figure 3

In doing a comparison of incomes of respondents to 1986 statistics for Canadian families, there was a higher percentage of respondents in the lower income groups, particularly in the $20,000 to $29,999 group (Figure 4). For respondents with a home-based business, there still was a high percentage who had relatively low incomes, but there was a tendency to approach or surpass the percentage of Canadian families in the higher income groups. Those with home-based businesses made up a higher percentage of the upper income groups than did respondents in general. This is indicative that some home-based businesses were supplementing the family income especially in the upper income categories.

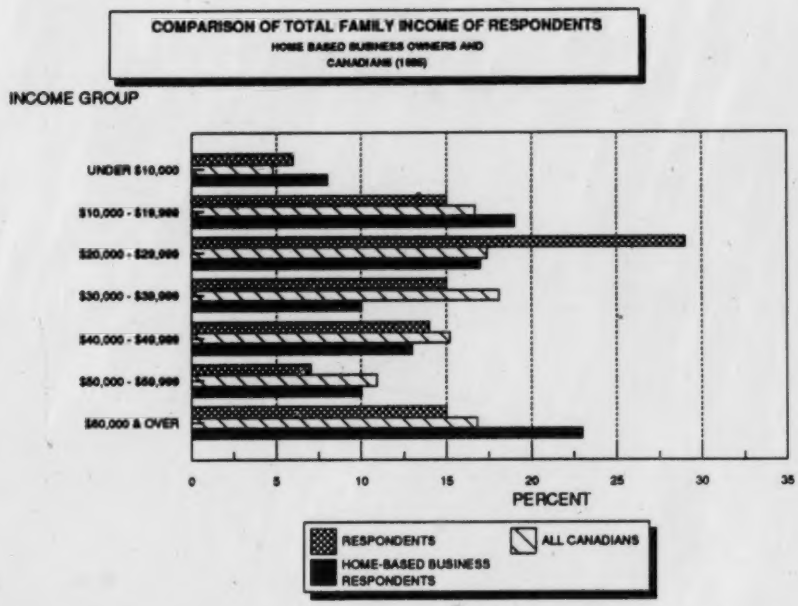

Figure 4

3. Home-Based Business Involvement of Respondents

Of the 156 respondents who attended the home-based business programs, 51 were in business at the time of the program. Since the program three people had gone out of business but 12 had begun a new business, making a total of 60 (38%) home-based businesses for analysis (Figure 5). Those respondents who made the decision to go out of business felt that they could not make enough money and their business was too time consuming.

Of the 101 respondents who were not in business at the time of the program, 42 (42%) decided that they were not going to start a business, while 47 (47%) were still thinking about it. The most common reason related for not going into business was that they preferred to use their skill for enjoyment (38%), followed by feeling that a business was too involved (24%) and that they could not make enough money (21%). Other deterrents cited were that they needed to improve their skills (10%), found another job

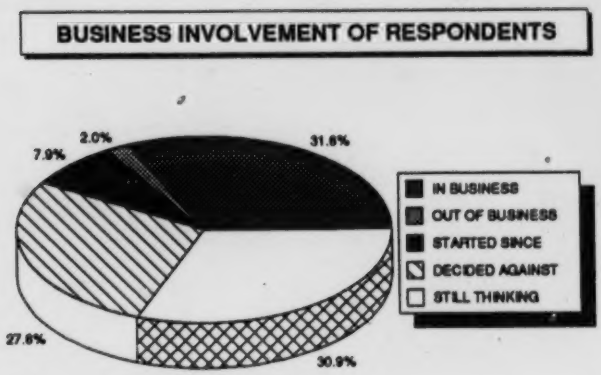

Figure 5

(8%), did not have enough capital (4%), record keeping was too involved (4%) and their family was against a home-based business (3%). One person wrote that she was very enthusiastic about starting a home-based business, but the program made her think of all that was involved and that made her hesitant. Having to think through the steps involved in starting a business, was helpful in the realization that a home-based business is not for everyone. It could help to avoid costly mistakes and having a sense of failure. Consistent with the findings of Morrison (1986), an important impact of the home-based business programs was that it helped people to make a realistic assessment of what was involved in owning a home-based business.

4. Demographic Profile of Home-Based Business Owners

In looking at the demographic characteristics of the 60 home-based business owners surveyed (Table 3), 87% were married and female with 57% over the age of 40. Eight percent were under the age of 30. They had an average of 1.5 children living at home. Almost 60% had children under the age of 19 living at home, with 23% of the children under the age of six. The number of children ranged from zero to five and the number of people living in their home averaged 3.5 with a range of one to eight. Approximately 50% of the home-based business owners had some post-secondary education with 35%

being college graduates and 12% of these having done some post graduate work. Twelve percent of the respondents had attended a technical school. Few of the home-based business owners (7%) used a computer in their business. Half of those using a computer lived on a farm, so perhaps this doubles as a tool for organizing the farm business.

Other research on demographics of home-based entrepreneurs has similarities and differences. Bastow-Shoop, Leistritz and Ekstrom (1988) also found the rural home-based entrepreneur in North Dakota to be typically a well-educated, married female with children living at home. They did, however, tend to be younger - between the ages of 30 and 39. Other studies such as Fortenberry (1988), Huntley (1985) and Lavoie (1988) are more consistent with the average age found in this study in that the entrepreneurs tended to be older, but similar in that they have a higher education level and a high percentage were married with children living at home.

Some of the home-based business owners had sought extra assistance for their business. Approximately 10% of home-based business owners had been involved in other business courses and/or business counselling. Two respondents indicated that they had sought business counselling after attending the home-based business workshop. Indications were that the home-based business owners were self-learners as 38% had referred to books on business on their own. Leibenstein (1987) also noted that entrepreneurs tended to seek out detailed procedures necessary to reach a goal. Other sources of help to the businesses surveyed included other similar businesses, personal research, previous work, skill courses and videos on running a business.

TABLE 3 PROFILE OF ENTREPRENEURS (N=60)		
VARIABLE	**FREQUENCY**	**PERCENT**
PARTICIPANT'S AGE		
21-30	5	8.3
31-35	8	13.3
36-40	13	21.7
41-49	16	26.7
OVER 50	18	30.0
EDUCATION		
SOME HIGH SCHOOL	14	23.3
HIGH SCHOOL GRAD	16	26.7
TECHNICAL SCHOOL	7	11.7
SOME COLLEGE/UNIVERSITY	2	3.3
COLLEGE/UNIVERSITY GRAD	14	23.3
SOME GRADUATE WORK	7	11.7
MARITAL STATUS		
SINGLE	4	6.7
MARRIED	53	88.3
SEPARATED/DIVORCED	3	5.0
RESIDENCE		
FARM OR RANCH	29	48.3
ACREAGE	14	23.3
TOWN OR CITY	15	25.0
MISSING	2	3.3
SPOUSE WORKS OFF FARM (for those living on a farm n=29)		
FULL-TIME	7	24.1
PART-TIME	2	6.9
ODD JOBS	3	10.3
NO	15	51.7
MISSING	2	6.9

The 60 home-based business owners were asked to list what personal qualities they felt were important to succeed in their business. People skills and honesty were the most frequently cited personal success qualities, followed by confidence and business skills. Being aggressive, organized, determined and motivated were also important success qualities identified. Consistent with the findings of Fernald and Solomon (1987), honesty was the most important value to entrepreneurs, followed by independent, ambitious and capable. Harrison (1989) noted that entrepreneurs tended to be well educated, highly motivated family people, consistent with the findings of this study.

In other research about success qualities or characteristics important for entrepreneurs, people skills did not surface as a competency necessary to be an entrepreneur. People skills, as a competency, may be unique to home-based businesses. Since the home-based entrepreneur is typically designer, producer and marketer which involves extensive contact with the consumer, people skills may be one of the most important characteristics essential to the operation of a successful home-based business.

Fifty percent of home-based businesses identified in this study are run from a farm home, 24% from an acreage and 26% from a town or city in Alberta. As well as having a home-based business, 10% of the respondents worked full-time outside the home, 27% had part-time jobs and the remaining 63% said they took odd jobs when they were available. One woman noted that her home-based business was almost at the point where she needs to quit her full-time job to devote more time to her business, but her business was not making enough money at this point to replace the earnings from her other employment. It would seem that many home-based business owners hold other jobs until their business is making enough money to be self-sufficient. Indications are that home-based business owners, especially those living on a farm, lead very busy lives trying to piece together an income. Consistent with the findings of Beach (1987), rural families often patch together an array of diverse work options.

Home-based business owners living on a farm noted that they have farm-related duties to perform as well. Tending to a garden, doing yardwork, taking care of animals and record keeping were the most common duties, followed by harvesting, doing whatever was necessary, being the "gopher", being a partner in the farming operation and hauling grain.

The distance to the nearest centre where the respondent could find work averaged 28.8 kilometers with a minimum of 0 (for those living in a town or city) to 98 kilometers. In comparison, the distance to the nearest centre where the respondent who was not in business could find work averaged 22 kilometers. After performing discriminant analysis on variables for those in business versus those not in business, distance from work was not considered to be a significant discriminating variable (p=.137).

The availability of day care, however, did prove to be a discriminating variable between those who had a home-based business and those who did not (p=.010). For those in business, 68% of respondents noted that day care was not available for their children, whereas 27% of those not in business said day care was not available. One woman noted that child care was available but it was too costly. She said that with a part-time salary of $6 per hour she could not justify spending half of it for the care of her children. A person living on a farm or having a home-based business also needs child care facilities with flexible hours to suit the erratic schedule demanded by a farm or home-based business.

5. Characteristics of Home-Based Businesses

Home-based businesses were evident in a variety of sectors (Figure 6). Over half (53%) of the businesses were fabric, sewing or craft related (Figure 7). These businesses ranged from custom sewn children's or adults' clothing, or hunting garments to quilted, knitted and crocheted articles. Crafts of all sorts such as lapidary, hand painted silk scarves, Christmas decorations, ornaments, gift baskets, fabric crafts, stained glass and

native crafts were being hand produced by many home-based businesses. Another 13% were in food-related businesses, either catering or baking for the farmer's market. Those respondents involved in pottery or art comprised 8% of the businesses surveyed while those doing some form of woodworking represented 6% of the sample. Agricultural diversification (6%) included selling bedding plants, U-pick fruit and vegetable operations, selling garden produce, working guest ranches and country vacations along with vertical integration such as selling finished wool products from sheep raised on the farm.

The service industry represented another 12% of home-based business operations. These operations ranged from music lessons, hairdressing, electrolysis, massage, backhoe operations to oil well maintenance services. Retail sales handled from the home comprise the remaining one percent of business types.

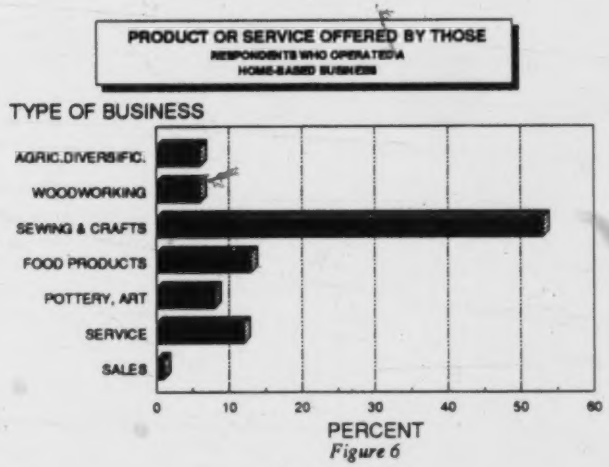

Figure 6

A closer look at the sewing and crafts businesses revealed that 34% were sewing-related while 59% were involved in some form of crafts business. Fibre arts and fabric sales made up the remaining seven percent of the businesses.

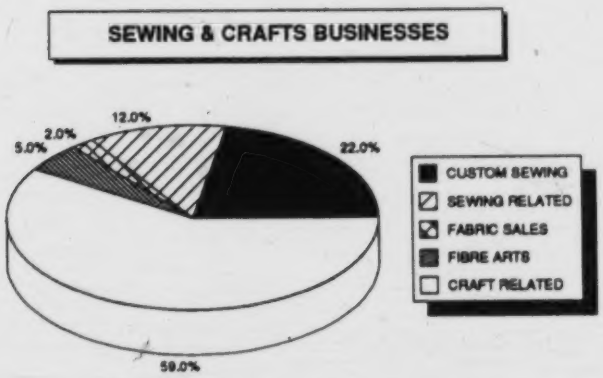

Figure 7

a. Business Structure

Most of the businesses surveyed were individually owned (86%) and organized as sole proprietorships, with only one business (2%) being incorporated. Twelve percent of the businesses were operated as a partnership. Nearly one half (48%) of the businesses indicated that other family members helped with their business. The spouse was the most common person helping (husbands 48% and wives 10%). Other combinations of husband and son and/or daughter as well as husband and mother made up 24% of the additional help. Sons, daughters or sisters helped in the remaining 14% of the businesses. The fact that a high percentage of home-based businesses have other family members involved in their business has implications for home economists working with family-owned businesses. Rosenblat et al. (1985) allude to the complex relationship difficulties encountered with family-owned businesses and the need to understand and find ways to minimize or avoid conflict. In this study employees, other than family, were hired in 14% of the businesses.

On average, the businesses surveyed were just over four years old. The largest proportion of businesses (43%), however, were established within the last year. Those businesses that had been operating five years or less, comprised 69% of those surveyed.

Sixteen percent had been in business for 10 or more years, with one having 19 years of experience. The types of businesses surviving longer than five years fell into a broad range of categories, with the largest percentage being craft-related (43%). Food and sewing-related businesses, along with agricultural diversification, each comprise 10% of the businesses surviving longer than five years, while woodworking type businesses comprise seven percent.

The large percentage of newer home-based businesses could coincide with the present economic stress in the province and reduced farm income. As much popular press indicates, another implication may be that home-based businesses are on the rise. Another explanation could be that those just starting a business are more inclined to attend the type of workshop presented by Alberta Agriculture.

b. Income Levels and Work Patterns

Estimated earnings per hour ranged from $1.00 to $20.00 with an average of $7.52 and a modal hourly rate of $4.00. One third of the respondents found it difficult or impossible to tell what they were making per hour. One lady who sold hand knitted projects said it was difficult for her to keep track of the time spent in making a garment as when she sits down she knits and when she travels in the car she knits. Several misunderstood that even if their business was new and they were not making a profit from the business at present, they still should be assigning themselves an hourly wage in order to price their product correctly.

Many respondents expressed frustration with earning low wages. Several people felt $4 per hour was not an adequate return for their time and effort. One lady said she made garments from the goat hair produced from the goats raised on their farm. "The price of the garments has to be very high to cover my costs as the process of making the garments is so time consuming. Yet, if I raise my hourly wage beyond $4, I will price

myself right out of the market." She also felt that the idea still prevails that hand-produced articles should be a bargain. Another woman said she might spend five hours producing a product and be lucky to make $10.00 from it if she sells it. She said it would be difficult to find an item as well made and finished as hers though.

The home-based business owners surveyed work an average of 26.9 hours per week with a minimum of three hours and a maximum of 70 hours. The modal hours worked per week was 20. Fifty-five percent of the respondents work 20 hours or less per week, 30% worked between 20 and 40 hours and 15% noted that they worked over 40 hours per week. A crosstabulation indicated that those working longer hours (20 or more hours per week) were contributing larger percentages of the family income. Several respondents indicated that their business was seasonal and that some weeks they did not work at all, but during the busy season they could work 12-15 hours per day and 60 - 70 hours per week.

Respondents said they worked an average of 38.9 weeks per year with a minimum of five and a maximum of 52 or year round. The modal weeks worked was 52. The largest proportion of respondents (47%) said they worked 45 or more weeks per year, 36% worked between 28 and 40 weeks per year and the remaining 17% said they worked 25 or less weeks per year. Again, the proportion of family income earned was related to the number of weeks worked per year. Those working more than 30 weeks per year were contributing a larger proportion of the family income. In replying to a question about the change in hours worked since the home-based business program, 16% of respondents said that they were now working more hours than at the time of the program, whereas 6% felt they were working fewer hours.

Total family income earned for those with a home-based business fell into a wide range of values (Figure 4). Although 20% of the respondents did not divulge their total

family income, 27% of the remaining respondents claimed that they made less than $20,000, 17% made between $20,000 and $29,999, 13% made between $30,000 and $49,999 and 10% made between $50,000 and $59,999. Twenty-three percent of home-based business owners had a total family income of over $60,000. According to 1986 statistics (Canada Year Book 1990), 27.7% of Canadians had incomes over $50,000. For survey respondents, there were 22% with incomes over $50,000 and 33% of those with home-based businesses with incomes over $50,000. Indications are that home-based businesses are helping to supplement family incomes of respondents to move them into the higher income categories.

In considering the contribution of home-based businesses to the family income (Figure 8), 73% of the businesses contributed less than 5% of the family income, while 14% contributed up to 25%, 4% contribute between 26% and 75% and 9% contributed more than 75% of the family income from their home-based business. One person described her business as "somewhere between an almost profitable hobby and a small production almost business." Of those businesses surveyed, 18% felt they earned more from their business now than they did at the time of the home-based business program.

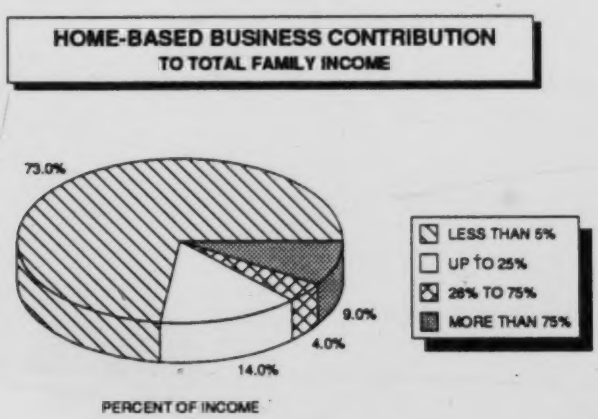

Figure 8

For those business owners contributing more than 10% of the family income, 40% worked 20 - 35 hours per week while 60% worked 40 - 70 hours per week. None of the home-based business owners surveyed earning more than 10% of the family income worked less than 20 hours per week in their home-based business. Approximately 50% of these business owners worked close to year round (45 - 52 weeks per year) while the other 50% tended to be closer to half time (28 - 36 weeks per year). For those earning more income from their business, there tended to be more time invested in it.

Although the actual amount earned from the home-based business was not directly asked in the questionnaire, it was estimated using SPSS[x], by multiplying the hourly wage by the hours worked per week by the weeks worked per year. The estimated average income earned by 31 respondents was $8,938. The minimum was $150 and the maximum was $29,700. These figures suggest that some respondents may not know the status of their business.

Another estimate of income contribution was done by recoding income groups into average income amounts and then calculating, using SPSS[x], the amount earned by the home-based business. Using this method of calculating the home-based business income, the average income earned was $4,304.72 with a minimum of $187.50 and a maximum of $65,625. The Pearson correlation coefficient between the two methods of calculation was r=.360 with a probability of p=.035 (n=26). The low correlation between the two methods of calculation indicates that the home-based business owners surveyed had some difficulty in estimating earnings from their business.

The discrepancy in the estimated earned income given by the home-based businesses is evidence that respondents had some difficulty in determining what they were earning per hour, how many hours per week and per year they worked and what their

business was earning. Indications are that the respondents need further assistance in accounting and bookkeeping for their business, both for increasing profitability and for income tax purposes.

A crosstabulation of the percent of family income contributed by the home-based business with the total family income, indicated that there were several home-based businesses contributing over 50% of the family income of over $60,000. One respondent claimed his business earned over 75% of the family income of over $60,000. The majority, however, were making a smaller contribution of between several hundred to several thousand dollars through their home-based business. Although these businesses serve a valuable purpose by supplementing the family income, many could improve on their earning power.

c. Business Capitalization

Start-up costs for the home-based businesses surveyed averaged $8,106, with a range from zero to $99,000. The modal amount spent on start-up costs was $2,000. Typically craft-oriented businesses tended to have minimal start-up costs. Several respondents noted that they had no idea what their start-up costs were because "it all happened so gradually." Higher costs were associated with heavy equipment operators, setting up a country vacation site, obtaining picture framing equipment and stock, as well as capital expenditures for a craft-oriented business.

Sewing-related businesses typically had start-up costs of $1,200 to $4,000 - the cost of a sewing machine and serger. Two women involved in custom-made hunting garments and machine embroidery, however, each had start-up costs of $10,000.

Preisnitz (1988) in her study of female home-based business owners in Canada, suggested that women have trouble raising capital for a business and only a few have sought a loan from a financial institution. Many tend to launch their business with no capital at all. Priesnitz (1988) found that the major source of capital was personal savings.

Although 80% of the businesses surveyed in this study had some start-up costs, of which 44% were over $2,000, only 15% had obtained capital from financial institutions (Figure 9), such as banks or credit unions. Consistent with the findings of Priesnitz's (1988) Canadian study, approximately 60% said they used personal savings to launch their business. Relatives financed 10% of start-up costs. Other forms of financing used by respondents included personal loans, government grants, friends, turnover of products produced, a part-time job and income from the farm.

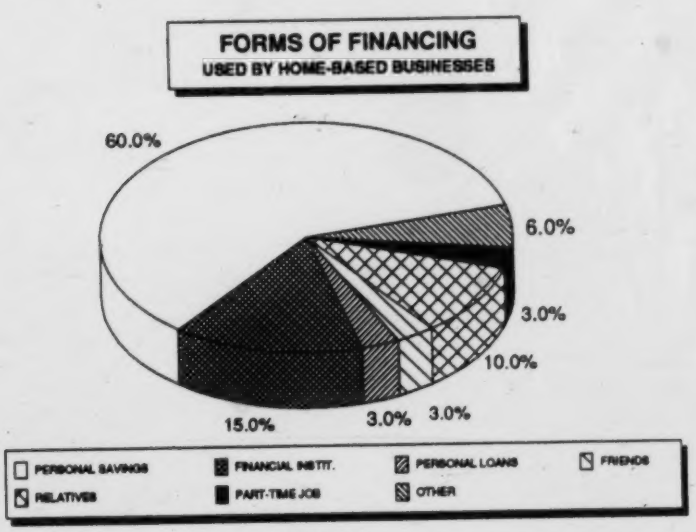

Figure 9

d. Reasons for Working at Home

Respondents were given a choice of seven answers as well as an open-ended reply for the question about reasons for working at home. They could choose as many responses as applied to their situation. The number one reason reported for starting a home-based

business (Figure 10) was that their hobby had turned profitable (72%), followed by flexible hours (63%), the challenge of having their own business (55%), to earn extra income (50%), to be able to care for their own children (35%), to be available to help on the farm (32%) and the fact that no jobs were available (18%). A few respondents also noted that they were involved in a home-based business for enjoyment (5%), to use slack time on the farm (2%), to sell farm produce (2%), to keep in the work force (2%), to provide a community-needed service (2%) and for health reasons (2%). One person wrote that a home-based business meant that they could be with their spouse, have an enjoyable job and get some monetary reward as well.

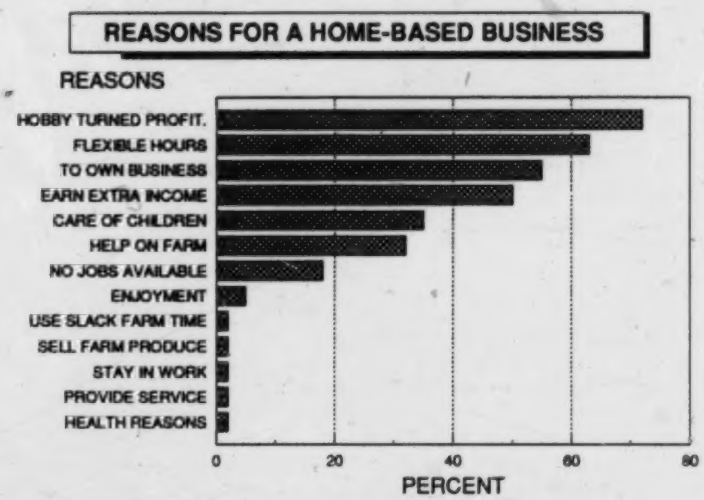

Figure 10

e. Disadvantages of Working at Home

Although many respondents felt that there were no disadvantages to working at home, others provided a long list of disadvantages. Some of the circumstances of home-based businesses had advantages as well as disadvantages. For instance, being home with children was an advantage, but children were also a distraction when working. Being available to help on the farm also meant that duties on the farm could disrupt

home-based business work.

The most common disadvantage cited was the distractions of home activities - children interfere (even some of the questionnaires returned from parents of young children had scribbled pen marks all over as the children obviously helped fill it in), housework was always there and sometimes got neglected, friends dropped in and it was easy to be distracted. There was a lack of work space or a loss of living space, along with a constant mess created by some work activities. One woman noted that she does the painting of her country wooden ornaments right in the kitchen, so it is always in a state of chaos.

Several people noted that they would like to have to go out to work. They noted that it is sometimes hard to be motivated to get down to work and set regular work hours when working at home. They also missed the interaction with other people. Some clients called at all hours because they knew it was a home business, but this could be a competitive edge over normal businesses. With a home business there is a tendency to work longer hours and you never get away from your work. It is even hard to take a vacation. One woman noted that she often works late into the night when it is quiet.

Another area of complaint in having a home-based business, but this may not be unique to a home business, was the lack of a steady income and working capital. It could be more difficult to raise capital from a rural home-based residence however. One person noted that it is difficult to be taken seriously in your business when you are working from your home.

Another problem for home-based businesses and particularly rural home-based businesses is their lack of visibility and proximity to a market. There are few drop-in customers, delivery costs are increased as is the distance travelled for supplies. Marketing is difficult. A major problem of frustration and discrimination identified by many rural

home-based business owners is that wholesalers refuse to deal with someone with a rural or home address. Even before they know how large the order is going to be, it is refused. Many respondents said that they were legitimate registered businesses and had business cards, but still could not buy wholesale. One person noted that some counties do not give business licences, so this makes it difficult to buy wholesale as well.

f. Marketing Practices of Rural Home-Based Businesses

In looking at the marketing practices of home-based businesses, respondents were asked to identify, from a prescribed list, all the ways they market their product. They were also asked, in an open-ended question, to identify other ways of marketing their product or service. In identifying marketing practises, 42% of respondents used farmer's markets to sell their products, 67% said they also sold from their home, while 42% sold their product on consignment at retail outlets. A smaller percentage (39%) sold at fairs or shows. Very few noted that they sold their product wholesale (5%) or had an in-home boutique set up (5%). Seventy percent of those owning home-based businesses said that they did sell or market their product beyond their immediate community.

Almost all of the home-based businesses surveyed said that they depend on word-of-mouth advertising (95%), but paid-forms of advertising were almost nonexistent. Newspapers were used by 29% of businesses, circulars were used by 14% and yellow pages advertisements 7%. Magazines, phoning lists, bulletin boards, displays in businesses and donating door prizes were used by one or two businesses. More than half (59%) of the businesses surveyed, however, did have business cards made up.

Although many respondents expressed a problem dealing with wholesalers, 61% said that they took advantage of wholesalers for supplies for their business. Many wanted to know more about buying wholesale, where lists of wholesalers could be obtained and the strategy for dealing with wholesalers. One woman, frustrated that she could not buy

wholesale, wrote that she was baking for the farmer's market, but with the cost of ingredients, she was not making enough to continue. She wrote, "A can of cherry pie filling is $2.19, the lard is $1.25 and you can't sell it for more than $3.00, so there is very little profit."

Trying to compete with mass produced items is another area where some respondents were discouraged. One woman said she made beautifully woven cotton rugs - "There is not a raw edge showing." The rug cost her $30 to make and yet the mass produced rugs sold in the stores for $19. She also lamented that there were no outlets near her to sell her products and she did not have time or money to travel to craft fairs and shows.

Frustrations like these are indicative of a lack of analysis of market research and technical competence to be able to turn the situation into a profit making business. Small home-based businesses cannot hope to compete with mass production, but they need to build on what they do well, develop their product or service around a consumer need and enhance their technical competence. Fortenberry (1988) and Owen and Passewitz (1986) in their studies of entrepreneurs, likewise noted that entrepreneurs need to know what they are doing and this can only be acquired through training and experience.

Foster (1988) noted that rapidly changing conditions in agriculture could mean tremendous opportunities for those with the foresight to recognize them. In this study it is evident that marketing products produced by home-based businesses, in rural areas especially, presents some challenges to the entrepreneur. They need to consider alternate methods of marketing and work at developing a distinctive competency to give their product or service uniqueness.

g. Business Practices of Home-Based Businesses

The variables examined in this section are various business practices which were given to the respondent to classify whether they practiced it before taking the home-based business program, started it after the program, were still planning to try it or did not plan to try it. As a group, the owners of home-based businesses had done some pre-planning for their start-up (Figure 11). Many did the preparation since taking the home-based business program. Approximately one quarter of the home-based business owners identified markets, checked zoning, reviewed insurance coverage, purchased business cards and prepared a business plan since the program. The implementation of these practices is indicative that the program influenced some of the program participants either to plan for their start-up or to protect their business interests.

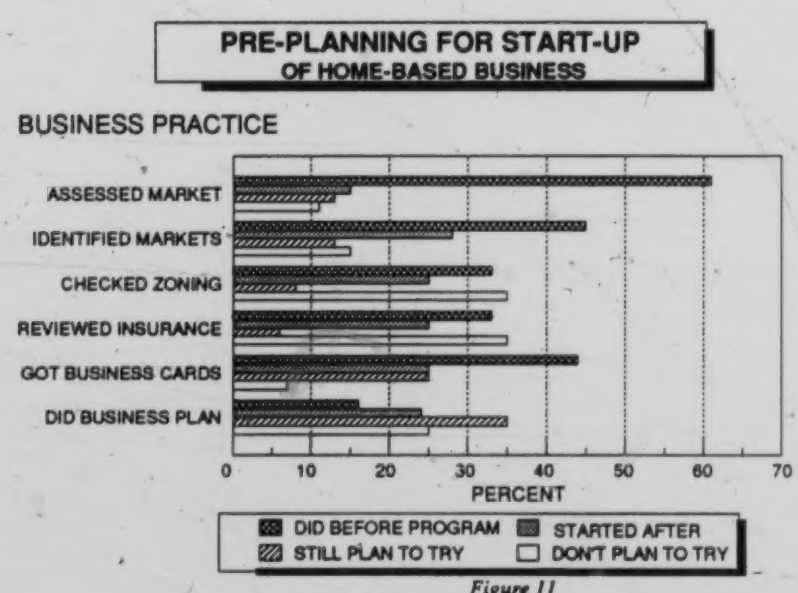

Figure 11

Although relatively few had originally prepared a business plan they had purchased business cards, assessed the market for a need for their product, researched the competition and looked at possible marketing outlets. Being rural home-based businesses,

the zoning requirements were probably less rigid than for their urban counterparts. Even though many had not formally checked the regulations, they inherently knew what types of businesses were allowed in their area.

Over 50% of the businesses surveyed kept track of their expenses and income as well as tried to keep a separate area for their work before attending the home-based business workshop (Figure 12). Over 60% were already giving a firm estimate of costs to their clients before doing work, but an additional 25% have adopted the practice since the program. Almost 50% had posted a price list of their products or services while just under 20% had implemented the practice since.

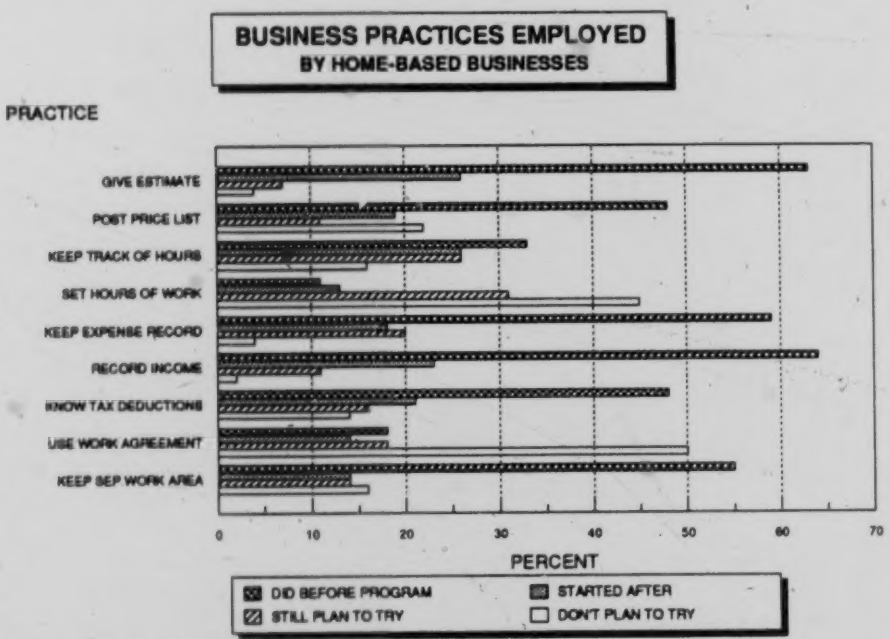

Figure 12

About half of the home-based business owners kept track of their working hours (33% before the program and an additional 26% started since the program), and about one quarter still hope to do this. Even fewer tried to set hours of work. Eleven percent set hours of work before the program, while 13% began to set aside time for work since.

Almost half of the respondents indicated that they do not plan to even try to set hours of work. Most people like the flexibility of working at their home-based business when they have time, although this may not be conducive to disciplined work and efficient productivity. Since the majority of home-based businesses were deliberately part-time and often labour intensive, extension programs may never be successful at convincing owners to establish a disciplined work schedule.

Approximately 60% of respondents at the time of the program, kept track of income and expenses while slightly less than 50% knew what tax deductions their business could use. At the time of the survey, an additional 23% and 18% respectively kept track of income and expenses, while 21% were more aware of tax deductible expenses. Perhaps the remaining 20-30% of home-based businesses consider themselves too small to file an income tax report or they may constitute the "underground economy." The home-based business program, however, was successful in convincing an additional 20% of respondents to consider these business practices.

h. Networking for Home-Based Business

Alberta Economic Development and Trade - Small Business and Industry Division was interested in setting up a registry of home-based business owners, so a separate registry form was included with the questionnaire that was sent to each program participant. The registry form (see Appendix B) requested information about the type of business, what is produced, stage of development, the type of equipment operated and the hours that could be committed to work. Participants were told a network of home-business owners was going to be established to perhaps enable those in similar businesses to contact one another for consultation, to order supplies in quantity or to get together for mutual advertising. The network could also be useful to enable entrepreneurs and manufacturers to find one another for the establishment of symbiotic relationships.

A total of 49 registries were returned with the questionnaires. Ten registries were returned from respondents who had not declared that they had a home-based business. Two of the three respondents who had gone out of business also sent in a registry. As well, 37 or 62% of those who declared they had a business included a registry with their questionnaire. The fact that many respondents without declared home-based businesses sent in a registry is an indication that many of the program participants might start a business if they had more help with organizing their business and had a larger market for their product or service. Many indicated that they had a great deal of time and innumerable skills that they could devote to a home-based business.

6. Perceived Home-Based Business Program Effectiveness

Participants were asked to assess what they learned from the home-based business program by rating several areas covered in the program into four categories - learned a lot, learned some, already knew and not sure. A majority of respondents perceived that their ability to handle the financial aspects of their business improved (Figure 13) as a result of the program, particularly in the area of assessing potential for sales and pricing their product, with 74% of respondents indicating their perceived knowledge improved in the area of pricing from participation in the program.

In the area of business management, a majority of businesses surveyed said their knowledge had improved in this area particularly in marketing their product, organizing their work and learning about the responsibilities of having a business (Figure 14). Many respondents felt the program reinforced that they were proceeding in the right direction with their business and gave them a feeling of confidence. Of those participants living on a farm, 43% felt the course also helped in the organization of their farm business.

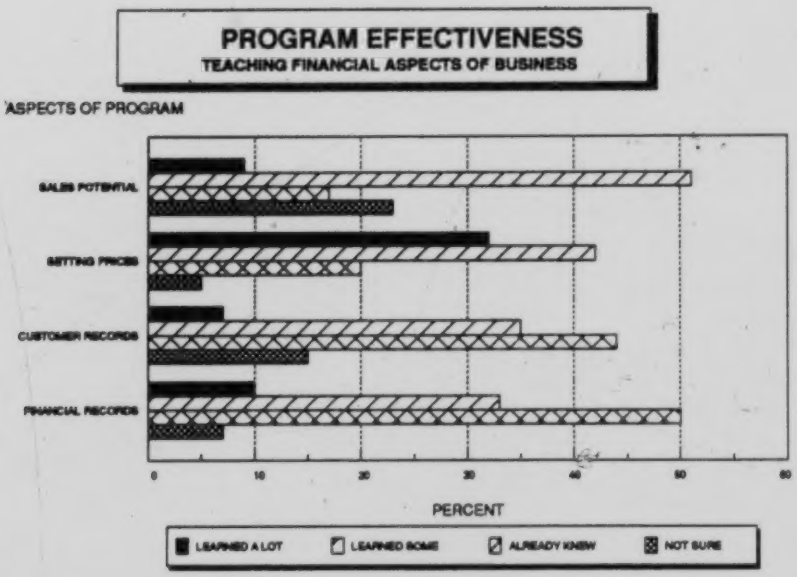

Figure 13

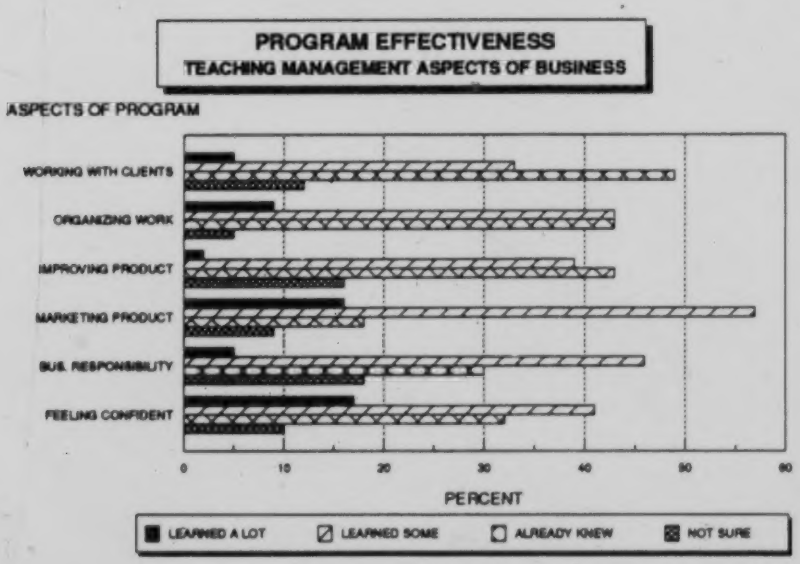

Figure 14

7. Future Programming

Although many respondents indicated that they were satisfied with the program on home-based business, a wide range of suggestions for future programs was given. The

most prevalent needs were in the areas of marketing and advertising, along with more information on how to buy from wholesalers. A crosstabulation of future programming needs with the percent of income earned by the home-based business indicated that those earning less than 5% of the family income needed the most help in the future. Feeling the frustration of expending a large amount of effort with very little return, these business owners wanted help in almost all areas of running a business.

For those earning less than 5% of the family income from their business, emphasis was needed in the areas of marketing and advertising, wholesale buying and setting up a business. Other areas suggested included more information on obtaining government funding, how to make the most of selling at farmer's markets, while others would like to see the program more generic.

Those surveyed who were earning more than 5% of the family income from their business indicated that they needed more help in the areas of accounting, financial planning and handling individual problems. They also wanted more time for interaction with one another. With several respondents indicating that other similar businesses were a helpful source of information, a "sharing session" could have merit.

For respondents not in business, they would like more information on setting up a business, accounting, business ideas as well as advertising and marketing. More information on tax regulations, wholesale buying, doing a business plan, financial planning and funding was also requested.

Chapter V. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

A. SUMMARY

The purpose of this study was to assess the impact of home-based business programs provided by the home economists of Alberta Agriculture between January, 1988 and April, 1989, on income generation and agricultural diversification. In addition, it was hoped to provide insights into the characteristics of individuals who were operating home-based businesses in rural Alberta and to develop a profile of these entrepreneurs. Information on needs for future programming in the area of home-based business was also collected.

The data collection was done through the use of a mail-out questionnaire, sent to 262 program participants of the home-based business workshops. The questionnaire was based on an instrument developed by Morrison (1986) for a Study of Impacts of the National Cooperative Extension's Educational Efforts in Financial Planning and Management - Home-Based Business Programs. Modifications were made to the instrument to reflect relevance to the Alberta program participants. Of the 262 questionnaires sent out, 162 were returned. Descriptive analyses were used to develop a profile of respondents and home-based business owners and also to report on the impact of the home-based business program. Discriminant analysis was used to determine if there was a difference between the characteristics of those in business and those not in business. Variables were compared using percentages and cross tabulations.

Home-based business owners responding to the questionnaire are a variety of ages, but 57% are over the age of 40. Almost 87% are female and 65% have children still living at home, with 23% having children under the age of six. Indications are that home-based business owners live very busy lives trying to patch together an income. In addition to 88% of them being married, 37% hold full or part-time jobs while the remaining respondents take odd jobs when they are available. Fifty percent of the home-based businesses are

conducted from a farm home where endless farm duties are performed concurrently. Several respondents noted that they were reluctant to start a home-based business due to the time taken to run the farm. A few home-based business owners observed that a home-based business was ideal for using slack time on the farm and an additional way to sell farm produce.

Those home-based businesses surveyed are run by highly educated people. Over 50% have some post-secondary education with approximately half of these holding a university degree. A small percentage have taken additional business training, some after attending the home-based business workshop, but a higher percentage have referred to books on their own. This is an indication that the home-based business owners are self learners and would seek out detailed procedures in order to reach a goal.

Many respondents express a frustration with trying to make a decent wage from their business. Over 50% of the home-based businesses are fabric, sewing or craft related. Many of them are labour intensive and barely make minimum wage (in Alberta $4.50 per hour). Those making higher incomes tend to be in the service-related industries or sell well marketed craft products. Another contributing factor to low wages or profitability is the difficulty home-based rural businesses have in buying supplies from wholesalers. Many wholesalers refuse to do business with someone with a rural or home address for their business.

After performing discriminant analysis on the data from those in business versus those not in business, the only significant discriminators were gender and the availability of day care. Those with a home-based business were more likely to be female and have no day care available for their children.

Participants found the home-based business program helpful to them in their business as well as in their farm organization. Areas where the program was particularly helpful

were in setting prices, learning the responsibilities of a business and marketing their product. Since the program, many participants developed a business card, prepared a business plan, kept track of hours worked and looked into additional market outlets. Eighteen percent felt that their earnings per hour had increased since the program.

Of the respondents not in business, 42% said they were not going to start a home-based business. Several of these participants noted that the program made them realize what was involved in running a home-based business. They subsequently felt that the business was too involved or it did not have enough profit potential. These are important realizations to think through in order to avoid making a costly mistake or having a sense of failure.

Future programming needs identified by this study are courses to cater to the different segments or strata of home-based businesses. Those who were earning less than five percent of their family income (73%) from their business were feeling the frustration of expending a lot of effort with very little return. They wanted more information in almost all areas of running a business, with particular emphasis on advertising, marketing and wholesale buying. Those earning a greater percentage of the family income wanted more information on accounting, record keeping and handling individual problems. Yet another segment comprised those contemplating starting a business but needing assistance in setting up a business and doing market research.

B. CONCLUSIONS

The first objective, to assess the role of home-based business in the contribution to the net family income of program participants who operated or established a home business, has been accomplished by ascertaining the percentage of income contributed by home-based businesses to the family income. Of the home-based businesses surveyed, almost half are run from a farm home. Most of the businesses are intended as an income supplement and part-time work, with 73% of the respondents saying they contribute less than 5% of

the family income. The remaining 27% of the businesses are making a more substantial contribution, with some contributing over 75% of the family income. Eighteen percent of the businesses surveyed, feel their earnings increased since taking part in the home-based business program.

An estimate of income from the home-based businesses surveyed was calculated using two different methods. The first calculation used the respondents' estimate of hourly rate and hours worked per year while the other was calculated from the percentage of the family income contributed by their home-based business. Average estimated contributions of $8,938 and $4,304 respectively were obtained. These figures indicate that there is some difficulty or discrepancy for home-based business owners to calculate accurately their business income.

Some home-based businesses are making significant contributions to the family income with a few contributing more than 50% of a family income of more than $60,000. The majority are contributing a few hundred to a few thousand dollars to the annual family income. With most of the home-based businesses intended as supplementary income, many are making a substantial contribution. With more than half of the home-based businesses run from farm homes, they are also making a substantial contribution to the overall family income and contributing to the viability of farming.

The second objective, to estimate the proportion of businesses that are related to agriculture, has been met by determining the types of business the respondents were involved in. Businesses involved in some form of agricultural diversification made up 6% of the businesses surveyed. These businesses are diversifying their farm resources into U-pick fruit and vegetable operations, guest ranches and country vacation homes, green house operations or vertical integration of agricultural products by selling finished wool products from sheep raised on the farm. Of the remaining businesses, over half are tra-

ditional in nature, involving cooking, sewing or crafts.

The third objective was to assess the impact of the home-based business program by looking at the elements that increased the knowledge of home-based business owners. The second part of this objective was to look at characteristics of individuals who started a home-based business versus those who chose not to start a home-based business.

The first elements of the program examined for change were in business practices employed by home-based business owners. Approximately 25% of the home-based business owners have identified markets, checked zoning, reviewed insurance coverage, purchased business cards and prepared a business plan since attending the program. Other areas identified where participants have adopted more business-like practices are in giving a firm estimate of costs to clients, posting a price list in their business and keeping track of hours worked. The implementation of these practices is indicative that the program influenced some of the program participants either to plan for their start-up or to better manage their business interests.

Participants were also asked to assess what they learned from the home-based business program. A majority of the respondents perceived improved ability to handle financial aspects of their home-based business as a result of the program. This was particularly true in the area of assessing potential for sales and in pricing their product. In the area of business management, a majority of respondents felt their knowledge had improved in the areas of marketing their product, organizing their work and in learning the responsibilities of having a business. Many felt the program gave them a feeling of confidence and for those living on a farm, half of them found it also helped in the organization of their farm business. From this it can be concluded that the home-based business programs did have a positive influence on the financial planning and management practices of participants.

The second part of the objective was to look at characteristics of individuals who started a home-based business in comparison to those who chose not to start a home-based business. Discriminant analysis was performed on demographic variables to see if there were any distinguishing features between the two groups. The only significant discriminating variables were gender and the availability of day care. People with home-based businesses were more likely to be female and not have day care available for their children. The other variables were not significantly different. One explanation for this might be that all the respondents were predisposed to the same characteristics as they had registered in the same course on home-based business.

The fourth objective was to develop a profile of home-based business owners and characteristics that lead to running a successful business. In response to this objective, demographics were collected from the home-based business owners surveyed. The typical home-based business owner was a well-educated married female over the age of 40 with 60% having children living at home. She typically operated the business by herself but enlisted the help of family at busy times. She was a self-learner, often referring to books for advice. Over half of the businesses were sewing or craft related and half were run from farm homes. Nearly 40% of the home-based business owners also worked full- or part-time away from the home. Indications are that these people live very busy lives trying to patch together an income.

One final aspect to fulfilling this objective was to find out what characteristics respondents felt were necessary to succeed in a home-based business. The characteristics identified as most important were honesty and people skills. Respondents felt a home-based business owner also needed to be confident, aggressive, organized, determined and motivated as well as knowledgeable about the skills required to run a business. People skills may be a unique characteristic to home-based businesses in comparison to entrepreneurs in general. Since the home-based entrepreneur is typically designer, producer

and marketer, which involves extensive contact with the consumer, people skills may be one of the most important characteristics essential to the operation of a successful home-based business. Although no one entrepreneur may possess all these skills, identifying strengths and weaknesses may help to assess the capabilities and suitability for a home-based business career.

The last objective was to assess needs for further assistance in home-based business information and make recommendations for future programming. The most prevalent needs identified for future programming were in the areas of marketing and advertising. Many home-based businesses appeared to have prepared well for their start-up and were technically competent but lacked business competence in marketing their product and managing the business. Pricing and dealing with wholesalers were common problems identified throughout the entire strata or stages of business. Many wholesalers discriminated against businesses with a rural or home address and refused to do business. Those businesses contributing less than 5% of the family income were feeling the frustration of expending a large amount of effort and getting very little return. They wanted help in almost all aspects of their business. Those earning a larger percentage of the family income needed more help in the areas of accounting, financial planning and handling individual problems. Networking with other similar businesses was also identified. Those respondents wishing to start a home-based business wanted business ideas, guidance with the start-up steps, accounting information, as well as advertising and marketing information.

C. RECOMMENDATIONS

The purpose of this study, as stated in the introduction, was to gain insights into home-based businesses and their owners and to collect empirical evidence on which to

base future programming. The following are recommendations for future programming in home-based business as well as areas of future research which have implications for home economists and home economics educators.

1. General Recommendations

1. Repeat this study using subjects drawn from a province-wide census list of all rural Albertans. Adaptations would have to be made to the test instrument to exclude information on the home-based business program. Other information could be included to obtain insights into financing available, whether the business is used for sole support, prior job experience, work and family related stress associated with a home-based business, family relationships and conflict, health hazards, and discrimination associated with a home-based business. It would also be of value to know if home-based businesses are on the rise, as this would seem to be a trend developing in this study, with the high percentage beginning in the last year.

Since the sample for this study was drawn exclusively from participants of the home-based business program offered by Alberta Agriculture, it would be of value to know if similar results could be obtained from rural residents in general. Comparisons could be drawn and information could be collected about the development of home-based businesses in Alberta. This information would be useful to rural development and revitalization.

2. Conduct an in-depth study of successful Alberta home-based businesses, possibly by personal interview, to look at marketing and business strategies employed that contribute to their success. Recommendations and suggestions could be made to program planners for home-based businesses as well as struggling home-based businesses.

3. Develop a longitudinal study of the same home-based business owners examined in this study in two and five years to determine the percent who are still in business, if their profitability has improved, if they have sought help from other government agencies and what problems they are experiencing.

4. Establish a network or entrepreneurial support system of home-based business owners through Alberta Economic Development and Trade - Small Business and Industry Division. The collection of registries connected with this survey could be the beginning. Many businesses noted that they found consultation with other similar or complementary businesses helpful. The network could be useful for buying from wholesalers, mutual advertising or establishing symbiotic relationships between manufacturers and retailers.

5. Incorporate entrepreneurship training into home economics courses at both the secondary and post-secondary educational levels. Many people are supplementing family and farm income by using traditional home economics skills and need to have some understanding of business competencies to increase their profitability and success rate.

6. Research other government funded home-based business programs to assess their effectiveness in helping clients to establish and run profitable businesses. Comparisons could be made to the home-based business programs run by Alberta Agriculture to assess strengths and weaknesses in an effort to reduce duplication of services.

2. Home-Based Business Program Recommendations

1. Workshop titles should reflect the content of the course. Respondents wanted to see a more generic title and perhaps the clientele being drawn into the course would reflect this emphasis as well.

2. The home-based business programs should be separated into three sections catering to the different strata or stages of business: those contemplating the start of a home-based business, those in the early stages of business, and those who had considerable business experience.

3. The home-based business program needs to have more emphasis on improving profitability. A high percentage of the respondents were frustrated with the difficulty in making a sufficient income. Emphasis needs to be placed on:

a. including profit in their pricing strategy in addition to a wage for making the product.

b. increasing price of their product. An increase would not be significant to the consumer but it would add considerably to their profit when spread over their entire product line.

c. developing a product around a consumer need, capitalizing on consumer trends, doing market research and developing a distinctive competency or "niche" to set themselves apart from the competition.

d. broadening the focus on agricultural diversification and emphasizing the utilization of farm resources to supplement income.

e. developing a marketing strategy to increase profitability and exploring ways of making the consumer aware of the product or service.

f. strategies for buying from wholesalers. Perhaps this could include the psychology of dealing with wholesalers, the strategy for contacting wholesalers, forming co-operatives or establishing a buying service for quantity purchasing.

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APPENDICES

APPENDIX A

Covering Letter

University of Alberta
Edmonton
Canada T6G 2M8

Faculty of Home Economics
115 Home Economics Building, Telephone (403) 492-3824
FAX (403) 492-7219

July, 1989.

Dear Program Participant:

Many people in rural Alberta are thinking about starting or have started a home-based business. Many creative men and women are supplementing their income by doing anything from a home welding service to marketing their arts and crafts. Alberta Agriculture has been offering programs to help people like you turn ideas into success stories.

As a graduate student working on my Master's Degree at the University of Alberta, I am undertaking a provincial study of participants of the home-based business program to determine if the program meets your needs.

I sincerely hope you will fill out the enclosed questionnaire and return it within ten days in the pre-stamped envelope. The value of the study depends on the number of completed questionnaires returned. If you choose not to answer some of the questions, please return your questionnaire anyway.

The questionnaires are numbered so that we may contact non-respondents and send summaries to those who request them. Your response, however, will be kept totally confidential. Please do not sign the questionnaire. Only a summary of the combined information will be reported.

If you return your completed questionnaire, you will be eligible to win one of three Home-Based Business - Homestudy Manuals, a new guide to operating a home-based business in rural Alberta.

If you have any questions about the questionnaire you may call me collect at 434-8240, during the evening. Thank you for taking the time to fill out this questionnaire. We hope to better meet your future needs.

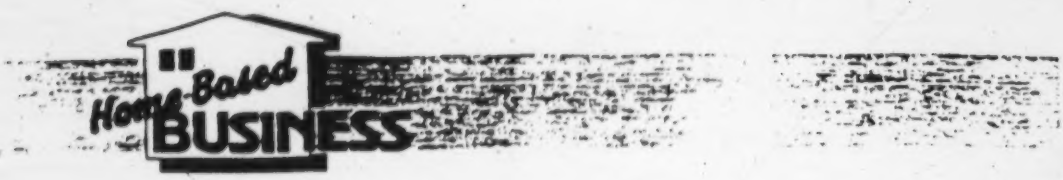
Yours sincerely,

Linda Capjack

Linda Capjack,
Home Economist

APPENDIX B

Questionnaire



YOUR PERCEPTION OF THE HOME-BASED BUSINESS PROGRAM

1. When did you attend the home-based business program?

   Year _____ Month _____ Place _____

2. When you attended the program on home-based business did you already have a home-based business? (Circle one number.)

   1. YES——————————> Do you still have your
   2. NO—>Go to question 4. business? (circle one)
      1. YES—> Go to question 6.
      2. NO—> Go to question 3.

3. If you do not have a home-based business any longer what are your reasons for going out of business?

   _____

   _____GO TO QUESTION 30

4. If you answered NO to question 2, what have you decided since? (Circle one number.)
   1. I decided NOT to start a home-based business.—> Go to question 5.
   2. I started a small business.——> Go to question 6.
   3. I am still thinking about it.——>Go to question 30.

5. If you decided not to start a home-based business, what were your reasons for deciding against it? (Circle ALL that apply.)
   1. I preferred to use my skills just for personal enjoyment.
   2. I felt I couldn't make enough money.
   3. The business was more involved than I wanted.
   4. I didn't want to keep records.
   5. I felt I needed to improve my skills before starting a business.
   6. I found another job.
   7. My family didn't want me to start a business.
   8. I did not' have enough capital.
   9. I didn't want to.

IF YOU DO NOT HAVE A HOME-BASED BUSINESS, PLEASE GO TO QUESTION 30.

6. If you do have a home-based business, what year did you start your business? _____

7. What is the product or service you provide/sell in your business?

   _____

8. How is your home-based business organized. (Circle one number.)
    1. Individually owned
    2. Partnership
    3. Corporation
    4. Franchise

9. What would you estimate your start-up costs to be? _____

10. What sources of financing have you used for your business? (Circle ALL that apply.)
    1. Banks
    2. Credit Unions
    3. Personal Savings
    4. Relatives
    5. None
    6. Other (Please specify)_____

11. On average, how many hours do you work each week at your home-based business? _____

12. Compared with the number of hours you worked at your home-based business before attending the home-based business program, is the number of hours you work now (circle one number).
    1. More
    2. About the same
    3. Fewer
    4. Not applicable

13. How many weeks per year do you work? _____

14. What are your reasons for having a business at home? (Circle ALL that apply.)
    1. Available for care of children
    2. Available for help on the farm
    3. No jobs in the area where I live
    4. Challenge of having my own business
    5. Needed extra income
    6. Could set my own hours
    7. Hobby turned profitable
    8. Other (Please specify) _____

15. What disadvantages do you find to working at home?

    1._____

    2._____

    3._____

16. Are other family members involved in your business? Please specify their relationship to you (husband, wife, etc.).

    _____

17. Do you use a computer in your home-based business? (Circle one.)
    1. Yes
    2. No

18. This question asks about some business practices. Circle the number which indicates if you:
    1. Did this before the home-based business program.
    2. Started to do it after the home-based business program.
    3. Still plan to try it but have not yet.
    4. Do not plan to try it.

	Did before program	Started after program	Still plan to try	Don't plan to
a. Assessed market for the product or service.	1	2	3	4
b. Give an estimate or firm price when work received	1	2	3	4
c. Have a price list posted for customers to see.	1	2	3	4
d. Keep track of hours spent in production/service.	1	2	3	4
e. Set specific hours to work at the business.	1	2	3	4
f. Keep records of expenses and overhead.	1	2	3	4
g. Keep records of income.	1	2	3	4
h. Identify marketing outlets.	1	2	3	4
i. Checked zoning regulations.	1	2	3	4
j. Reviewed insurance coverage.	1	2	3	4
k. Keep track of tax deductible expenses	1	2	3	4
l. Use a work agreement with customers.	1	2	3	4
m. Developed a business card.	1	2	3	4
n. Prepared a business plan.	1	2	3	4
o. Keep part of the home for work only.	1	2	3	4

19. We'd like to know how much you believe you learned or improved as a result of the program. For each item please circle the number which indicates if you feel you:
    1. Learned or improved a lot.
    2. Learned or improved somewhat.
    3. Already knew a lot about this.
    4. Not sure, unable to tell

		Learned A Lot	Learned Some	Already Knew	Not Sure
a.	Assessing potential for sales	1	2	3	4
b.	Working with clients	1	2	3	4
c.	Organizing work	1	2	3	4
d.	Improving product	1	2	3	4
e.	Setting prices	1	2	3	4
f.	Marketing my products	1	2	3	4
g.	Keeping customer records	1	2	3	4
h.	Keeping financial records	1	2	3	4
i.	Business responsibility (tax, insurance, zoning)	1	2	3	4
j.	Feeling of confidence	1	2	3	4

20. On average, how much do you earn per hour for the time you spend at your home-based business? _____

21. Compared with the amount you earned per hour at your home-based business before attending the home-based business program, is the amount you earn per hour now (circle one number.)
    1. More
    2. About the same
    3. Less
    4. Not applicable

22. Do you employ any other people besides family in your home-based business? (Circle one number.)
    1. Yes
    2. No

23. About what percent of your total family income in the past twelve months was contributed by your home-based business? (circle one.)

1. Less than 5%
2. 5 - 10%
3. 11 - 25%
4. 26 - 50%
5. 51 - 75%
6. More than 75%

24. What personal qualities do you feel are important to run your own business?

1._____ 2. _____

3._____ 4. _____

25. If you produce a product, what are the ways you market it? (circle ALL that apply.)

1. Farmers' Market
2. Selling from one's home
3. Selling on consignment
4. Fairs or shows
5. Wholesaling
6. In-Home Boutiques
7. Other (Please specify)_____
8. Not applicable

26. Do you market your product or service beyond your immediate community? (circle one number.)

1. Yes
2. No

27. Do you take advantage of buying your supplies from a wholesaler? (Circle one number.)

1. Yes
2. No
3. Not applicable

28. What forms of advertising do you use? (Circle ALL that apply.)

1. Word of mouth
2. Newspapers
3. Circulars
4. Business Cards
5. Yellow Pages
6. Mailing List
7. Other (Please specify)_____
8. None

29. What other sources of help have you had for your business (e.g., courses, counselling, books, etc.) Please circle all that apply and give approximate dates for courses or counselling.

1. Business counselling .....Date_____
2. Courses in business.....Date_____
3. Other Alberta Agriculture courses..Date_____
4. Books
5. Other (Explain)_____ Date_____
6. None

ALL PROGRAM PARTICIPANTS, PLEASE ANSWER THE NEXT QUESTIONS

30. Do you work outside your home for wages? (Circle one number.)
    1. Yes, full time (at least 35 hours per week)
    2. Yes, part time (less than 35 hours per week)
    3. No

31. Did the information provided at the home-based business workshop help in the organization of your farm business? (Circle one number.)
    1. Yes
    2. No
    3. I do not live on a farm

32. What other information would you like to see included if you were to attend another home-based business workshop?

    _____

    _____

33. Please indicate your gender. (Circle one number.)
    1. Female
    2. Male

34. What is your age? (Circle one number.)

1. Under 20	5. 36-40
2. 21-25	6. 41-45
3. 26-30	7. 46-50
4. 31-35	8. over 50

35. Highest level of education you have completed. (Circle one number.)

1. Grade School	6. Some College or University
2. Some High School	7. College/University Graduate
3. High School Graduate	8. Some Graduate Work
4. Technical School/Institute	9. Graduate Degree
5. Agricultural College	

36. Marital Status? (Circle one number.)
    1. Single
    2. Married
    3. Separated /Divorced
    4. Widowed
    5. Other

37. Number of people living in your household? _____

38. Number of children living at home? _____

39. Ages of children living at home? _____ _____

40. If you want to work away from home, is day care available for your children? (Circle one number.)
    1. Yes
    2. No
    3. Not applicable

41. How far away is the nearest centre where you could find work?

_____

42. Which best describes where you live? (Circle one number.)

1. Farm/Ranch ——————> Does your spouse work off the farm for wages? (circle one)
2. Acreage
3. Town/City

1. Yes, full time (at least 35 hours/week)
2. Yes, part time (less than 35 hours/week)
3. Just takes odd jobs
4. No
5. Not applicable

43. If you live on a farm, what are your farm-related duties?

_____

_____

44. Which of the following categories best describes your TOTAL family income before taxes in 1988 (including wages, profits from the farm and/or business, social security, pensions, etc.)? (Circle one.)

1. Less than $2,500
2. $2,500 to $4,999
3. $5,000 to $9,999
4. $10,000 to $14,999
5. $15,000 to $19,999
6. $20,000 to $24,999
7. $25,000 to $29,999
8. $30,000 to $34,999
9. $35,000 to $39,999
10. $40,000 to $49,999
11. $50,000 to $59,999
12. over $60,000

PLEASE CHECK HERE IF YOU ARE INTERESTED IN RECEIVING A SUMMARY OF THE RESULTS OF THIS QUESTIONNAIRE _____

THANK YOU VERY MUCH FOR TAKING THE TIME TO ANSWER THIS QUESTIONNAIRE. WE HOPE TO BETTER MEET YOUR FUTURE NEEDS!

PLEASE NOTE ANY PROBLEMS YOU HAD IN INTERPRETING THIS QUESTIONNAIRE SO THAT ALL OF YOUR RESPONSES ARE USEFUL. THESE AND ANY OTHER COMMENTS YOU PROVIDE WILL BE APPRECIATED!

HOME-BASED BUSINESS REGISTRY

Alberta Economic Development and Trade - Small Business and Industry Division is going to establish a network of small business owners. This would enable those in similar businesses to contact one another for consultation, to perhaps order supplies in quantity or to get together for mutual advertising. If you are interested in adding your name to the network of small businesses, please fill in the information below and return it with your questionnaire and I will forward it to Alberta Economic Development and Trade.

For further clarification, you may contact Holly Palmer - Small Business Consultant with Alberta Economic Development and Trade at 427-3685.

Last Name_____ First Name_____

Business Name_____

Address_____

_____ Phone No:_____

What type of product or service business are you in? (Please specify)
Service (accounting, computer, ets.)_____

Product you produce or manufacture _____

Retailing_____

Craft Business_____

Seamstress_____

Other_____

Type of Equipment You Operate_____

_____

Check what stage of development you are at:

Concept/Idea_____Small production_____Mass production_____

How many hours a month are you able to spend on your business?_____

How long have you been in business?_____

Do you work part-time (under 35 hours per week)_____ or full-time (more than 35 hours per week)_____?

Do you have any employees?_____ How many?_____

Comments:

APPENDIX C

Ethical Review Documentation

FACULTY OF HOME ECONOMICS

APPROVAL

for

PROPOSAL ON HUMAN RESEARCH

This is to certify that MARILYN L. CAPJACK

a student in the DEPARTMENT OF CLOTHING AND TEXTILES

presented a proposal for a research project entitled:

IMPACT OF HOME-BASED BUSINESS PROGRAMS ON AGRICULTURAL DIVERSIFICATION AND INCOME GENERATION

and that the undersigned Committee are now satisfied that the ethical criteria for human research have been met.

Date: MARCH 2, 1989

Signatures